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No. 606

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1967

KATHLEEN K. WILKIN,
Petitioner,

vs.

SUNBEAM CORPORATION,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

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To the Honorable Earl Warren, Chief Justice of the United States, and the Associate Justices of the Supreme Court of the United States:

Your petitioner respectfully shows to the Court:

I. COURT OPINIONS BELOW

The opinion of the Court of Appeals has not as yet been reported. It is found on page 4 of the supplemental transcript of the record from the Court of Appeals, and is reproduced herein in the appendix, hereinafter, p. A1.

The District Court did not deliver any opinion.

A petition for rehearing in the case was denied June 12, 1967. (S.R. 7[1]).

II. JURISDICTION OF THE COURT AND GROUNDS URGED FOR ALLOWANCE OF THE WRIT

The Court of Appeals dated and filed its judgment April 20, 1967. (S.R. 5).

This Court has jurisdiction to review the judgment under the provisions of Section 1254 of the Judicial Code, 28 U.S.C., Section 1254 (1).

The petitioner urges the following grounds for allowance of the writ:

1. The decision of the Court of Appeals for the Tenth Circuit results in a conflict with a decision of another Court of Appeals on the same matter of general law, namely, *Seismograph Service Corporation* v. *Offshore Raydist, Inc.*, 135 F. Supp. 342, 263 F.2d 5, C.C.A. 5 (1958), a case of first impression in the Fifth Circuit, and this case is one of first impression in the Tenth Circuit.

2. The case is one wherein the issues are generally important, especially in regard to manufacturing enterprises and creative members of the public.

3. The decision of the Court of Appeals reflects a misunderstanding of the applicable law.

4. The decision of the Court of Appeals reflects a misunderstanding of the essential elements which the petitioner must establish to obtain relief, the Court of Appeals overlooking in one theory of recovery the basic issues agreed upon by both petitioner and respondent nec-

1. Supplemental transcript of the record.

essary for the petitioner to prove to find the respondent liable.

5. The decision of the Court of Appeals reflects a misunderstanding of the position of the petitioner throughout the case.

6. The decision of the Court of Appeals reflects a misunderstanding of the import of indisputable fact.

7. The decision of the Court of Appeals reflects a misunderstanding of the effect of the District Court's instructions to the jury.

III. THE QUESTION PRESENTED FOR REVIEW

Where a large national manufacturing corporation of household appliances receives from a housewife and school teacher through a patent attorney employee skilled in the art, a member of the Bar and charged with receiving outside submissions, disclosure of (1) a household appliance in the form of a demonstrated working model and the written specification and drawings of a pending United States patent application, a copy of which is retained by the corporation, and (2) the name of her patent attorney who is a member of the Bar, and thereafter after concerning itself with a similar household appliance and through its same patent attorney recalls her patent application and device, surreptitiously through its same patent attorney employs a skilled layman patent investigator who using an alias, without disclosing the principal, and under false pretenses obtains by first contacting her and then her patent attorney, confidential information about her yet pending patent application and household appliance, namely, that no claims are allowed in the application and that she has not been successful in commercially exploiting her household appliance, and where it uses such sur-

reptitiously obtained information in commercially manufacturing and selling its similar household appliance, is the manufacturer liable for her damages?

IV. STATEMENT OF THE CASE AND FACTS

The District Court jurisdiction was founded upon diversity under 28 U.S.C., Section 1332. (R. 2)[2].

This is a misappropriation or wrongful appropriation case. Respondent Sunbeam Corporation *after having prior knowledge and before marketing* the product in question used "improper means" to obtain from petitioner property rights in the product belonging to petitioner, and confidential information about the property rights. Sunbeam wrongfully used the improperly obtained property rights and information to its advantage. Petitioner has not been compensated for her damage. The property rights improperly obtained by Sunbeam were a device, the plans and specifications therefor, for baking and/or grilling sandwiches, small pies, and the like, and confidential information concerning this device. Sunbeam wrongfully used the property rights in marketing a device under the mark "Sunbeam Party Grill" for baking and/or grilling sandwiches, small pies, and the like. (R. 63-69).

Petitioner first brought suit in the District Court of Sedgwick County, Kansas, for misappropriation of property rights confidentially disclosed to Sunbeam in 1957, but obtained properly by Sunbeam. Removal to the Federal District Court of Kansas was effected by Sunbeam, and answer made. (R. 1-10).

During discovery petitioner learned of subsequent "improper means" activity of Sunbeam in obtaining and

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2. The Transcript of Record will herein be referred to by R. followed by a page number therein.

wrongfully using property rights and confidential information, and filed an amended complaint incorporating such. Sunbeam answered. (R. 63-73).

In view of this new evidence of "improper means" in obtaining, petitioner filed a motion for summary judgment. It was briefed by both parties and argued to the Court. Petitioner's motion was overruled. (R. 81).

Trial was had. Relative "improper means" of Sunbeam, in obtaining, the Court only instructed the jury "that should you find the defendant (Sunbeam), by employing improper means in September and/or October, 1958, obtained or acquired business information and the like from plaintiff (petitioner), then you may consider such fact along with all the other facts and circumstances you may find to exist in the case in determining whether or not plaintiff (petitioner) disclosed something in confidence to defendant (Sunbeam) which was novel to defendant and which defendant used in its Sunbeam Party Grill", and followed with an instruction relative determination of whether Sunbeam used "improper means". (R. 112). The Court refused the pertinent requested instructions of petitioner. (R. 103-104). The jury found a general verdict for Sunbeam and the Court entered judgment accordingly. (R. 117). The Court overruled the motions of petitioner for a directed verdict, judgment notwithstanding the verdict, and a new trial, and entered an order to that effect. (R. 117-118).

Petitioner takes the position that undisputed facts make Sunbeam liable as a matter of law.

Petitioner is a sixth grade school teacher, housewife and mother, and has been a resident of Wichita, Kansas, from prior to 1956 to date.

Respondent is a large national manufacturing corporation of a wide variety of products, principally electric household appliances.

Prior to 1957, petitioner conceived of a grilling and/or baking device (hereinafter referred to as the Wilkin Device) to make sandwiches and other edibles having a center filling of meat, fruit, cheese or the like, and a patent application was filed in the Patent Office. (R. 85, 109).

A working model was made of the device. (R. 8, 70, 86).

January 9, 1957, petitioner wrote Sunbeam that she had applied for patent on the Wilkin Device and if Sunbeam was interested she would forward a copy of the patent application. (PX 3-R. 397)[3]. In response, Mr. John R. Hall, a patent attorney employee of Sunbeam wrote January 16, 1957, that Sunbeam would be pleased to receive her patent application and determine if it would be interested in acquiring any rights therein. (PX 4-R. 397). In reply, petitioner wrote January 29, 1957, that her husband would be in Chicago on February 5, 1957, and could demonstrate the working model of the Wilkin Device and deliver a copy of the patent application. (PX 5-R. 398). (R. 8, 64, 65, 69, 70, 85, 88, 263).

February 5, 1957, petitioner's husband was in Chicago and demonstrated the working model of the Wilkin Device to Mr. Hall and a Mr. Neil M. Rose, who was in charge, another patent attorney employee of Sunbeam. They were authorized to recive and evaluate outside submissions. In addition, he showed and left with them copies of the patent application specification and drawings of the

3. Petitioner's exhibits will herein be referred to by PX, and where appropriate followed by R. and a page number reference to the transcript of record.

Wilkin Device. Mr. Rose noted that John Widdowson represented petitioner. (R. 8, 70, 85, 86, 264-69). (PX 25, 26, 27-R. 409-11). (PX 34-R 413). (PX 22-R 407).

February 15, 1957, Mr. Hall wrote petitioner that since it appeared that a large promotional campaign would be required in marketing the Wilkin Device, Sunbeam was not interested in acquiring any rights under her patent application. Transmitted with this letter were the copies of the patent application specification and drawings which had been left with Sunbeam. (PX 6-R. 398). Sunbeam made and retained copies. (R. 294).

In the summer of 1958, employees of Sunbeam began cooking tests, and as a result Sunbeam began to construct and assemble various models of a baking and/or grilling device for making sandwiches, small pies, and the like, which was marketed as the Sunbeam PARTY GRILL. (R. 8, 71, 85, 86, 98, 291, 293, 297).

Sunbeam through Mr. Rose, the patent attorney employee skilled in the art of electric household appliances, undertook investigation as to possible infringement by the baking and/or grilling devices. During such inquiry, he recalled and examined the file concerning submission of the Wilkin Device. Included was the address of petitioner and the name and address of John H. Widdowson, petitioner's patent attorney. (R. 20, 70, 221, 222, 223, 224, 272, 273, 290, 293, 297). (PX 22-407).

September 7th or 8th, 1958, Sunbeam, through Mr. Rose, called by long telephone a Mr. Ulmont O. Cumming, President of International Service Corporation, and requested that Mr. Cumming investigate the present status as to allowance of claims in the patent application covering the Wilkin Device and further to determine whether or not said device was being exploited commercially. (R. 231-33, 19, 20, 70, 221, 293). (PX 7-R. 399).

Mr. Cumming, while in Kansas City, Missouri, and using the name Robert Laird, contacted petitioner's residence by telephone and talked to petitioner's husband. Mr. Cumming told Mr. Wilkin that he might possibly be interested in buying petitioner's patent application covering the Wilkin Device. Mr. Wilkin then informed him John Widdowson was Mrs. Wilkin's patent attorney and should be contacted regarding the matter. (R. 230-243). (PX 8-R. 399).

Thereafter, during September and October of 1958, through correspondence between Mr. Cumming (always using the name Robert Laird) and John Widdowson, Sunbeam, through Mr. Cumming, learned that petitioner's patent application was still pending in the Patent Office; that no claims had been allowed and the Wilkin Device was not being commercially exploited. Sunbeam, through Mr. Cumming, also obtained from Widdowson a copy of the then current Wilkin patent application specification and drawings. In addition, Sunbeam, through Mr. Cumming, learned that the working model of the Wilkin Device was still in existence. (R. 230-243, 19, 20, 70, 221, 222). (PX 8-R. 399). (PX 9, 10-R. 400). (PX 11-R. 401). (PX 12-R. 402). (PX 13-R. 403). (PX 14-R. 404). (PX 15-R. 404). (PX 16, 17-R. 405). (PX 18, 19-R. 406). (PX 30-R. 413).

Thereafter, Sunbeam commercially marketed the Sunbeam PARTY GRILL in 1961. (R. 8, 71).

V. ARGUMENT AND AUTHORITIES

Where spying is carried on and the discloser does not know what is going on there cannot be any basis for requiring a confidential disclosure.

There is not a question of whether or not the Wilkin Device was novel to Sunbeam, due to the prior knowledge

and subsequent improper activities of the Sunbeam patent attorney employee. Improper means of discovery refutes any prior knowledge of what is sought. The activities of Sunbeam through the skilled Mr. Cumming, employed by Mr. Rose, Sunbeam's expert patent attorney in this field, with his prior knowledge of the Wilkin Device and patent application, his activities and concerns of patent application claim allowance and patent clearance, conclusively prove *novelty* to and *use* by Sunbeam.

A leading case is *Tabor* v. *Hoffman*, 118 N.Y. 30, 23 N.E. 12 (1889). A recent (1956) case in the Fourth Circuit is *Colgate-Palmolive Company* v. *Carter Products*, 130 F. Supp. 557, 230 F.2d 855. The Restatement of Torts was published in 1939, long after a considerable body of case law had been developed on the subject here at hand. It has been followed universally in this field. Sec. 757 of said text states:

> "One who discloses or uses another's trade secret without being privileged to do so, is liable to the other if
>
> (a) He discovered the secret by improper means."[4]

Section 759 states:

> "One who, for the purpose of advancing a rival business interest, procures by improper means information about another's business is liable to the other for the harm caused by his possession, disclosure or use of the information."[5]

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4. Paragraph (b) of Sec. 757 of The Restatement of Torts sets forth the more common situation requiring a disclosure in confidence.

5. See the text on pages 10 through 13 re Section 757, and pages 23 and 24 re Section 759.

A recent case, and a remarkable one insofar as the facts therein when they are compared to the factual situation of the case at hand, is *Seismograph Service Corporation* v. *Offshore Raydist, Inc.*, 135 F. Supp. 342, 263 F.2d 5, 5th Cir. (1958). In the District Court action (Eastern Division of Louisiana, New Orleans Division), Judge J. Skelly Wright, District Judge, states on pages 354 and 355 of the opinion as follows:

> "(14-17) . . . *The robber baron morality of another day is no longer acceptable. Courts are insisting on increasingly higher standards of commercial integrity.* Precision Instrument Mfg. Co. v. Automotive Maintenance Mach. Co., supra; Keystone Driller Co. v. General Excavator Co., 290 U.S. 240, 54 S. Ct. 146, 78 L. Ed. 293; Franke v. Wiltschek, 2 Cir., 209 F.2d 493, 499; Allen-Qualley Co. v. Shellmar Products Co., D.C., 31 F.2d 293, affirmed 7 Cir., 36 F.2d 623; Id., 7 Cir., 37 F.2d 104. It has been long recognized that any patent obtained through fraud and dishonest dealings is unenforceable in a court of equity. Precision Instrument Mfg. Co. v. Automotive Maintenance Mach. Co., supra; Keystone Driller Co. v. General Excavator Co., supra; Pomeroy's Equity Jurisprudence, 5th Ed., §§ 385, 397, 401, 402a. *Now business information or trade secrets, not arising to the stature of invention, are protected.* Franke v. Wiltschek, supra; Smith v. Dravo Corp., 7 Cir., 203 F.2d 369; Id., 7 Cir., 208 F.2d 388; Schreyer v. Casco Products Corp., 2 Cir., 190 F.2d 921; Matarese v. Moore-McCormack Lines, 2 Cir., 153 F.2d 631, 170 A.L.R. 440; Chesapeake & Ohio Ry. Co. v. Kaltenbach, 4 Cir., 95 F.2d 801; Hoeltke v. C. M. Kemp Mfg. Co., 4 Cir., 80 F.2d 912; Allen-Qualley Co. v. Shellmar Products Co., supra; Booth v. Stutz Motor Car Co., 7 Cir., 24 F.2d 415, Id., 7th Cir., 56 F.2d 962. *The fact that the business information is otherwise available is no defense. The improper acquisition itself creates the liability for damages.* Franke v. Wiltschek, supra; Smith v. Dravo Corp., supra; Vulcan Detinning Co. v. American Can Co., 72 N.J. Eq. 387,

67 A. 339, 12 L.R.A., N.S., 102; Tabor v. Hoffman, 118 N.Y. 30, 23 N.E. 12. 'One who, for the purpose of advancing a rival business interest, procures by improper means information about another's business is liable to the other for the harm caused by his possession, disclosure or use of the information.' Restatement of the Law of Torts, § 759.

(18) *Even where it cannot be said that the parties stand in confidential relations, impropor acquisition of another's business information or trade secrets subjects the perpetrator to liability in damages.* Restatement of the Law of Torts, §§ 757, 759. And a court of equity will enjoin the use of the business information or trade secrets so obtained. Franke v. Wiltschek, supra; Smith v. Dravo Corp., supra; Allen-Qualley v. Shellmar, supra. No single test can be applied in all cases where improper acquisition of business information is charged. The inventiveness of the devious mind staggers the imagination. *It is simply the difference between right and wrong, honesty and dishonesty, which is the touchstone in an issue of this kind,"* . . . (Emphasis added).[6]

A concise statement of the pertinent facts in the Seismograph case is as follows:

Hastings disclosed his Raydist System to Seismograph and Seismograph thereafter secretly started using information to build its own similar system. Hastings further disclosed to Seismograph the existence of a significant patent (Honore) without identifying the same, which patent anticipated his system and which would have to be acquired. Hastings also

6. This was approved by the Court of Appeals (5th Cir.), page 28 of its opinion, to-wit:

. . . "We felt that appellant's conduct in its business dealings with Hastings Instrument Company was so flagrantly inequitable as not to require legal citations, and that the principles and authorities had been amply discussed in paragraphs editorially numbered 14 through 18 of the district court's opinion, as found in D. C., 135 F. Supp. 342, 354-355, with which discussion we agree."

informed Seismograph that he had opened negotiations to acquire rights under said patent. Hastings' disclosures to Seismograph were made with the understanding that it was for the benefit of and in furtherance of a joint venture which was under consideration by the parties. Seismograph, after already having decided to terminate negotiations with Hastings for a joint venture, notified its skilled patent counsel in Chicago of the patent mentioned by Hastings and also the name of Hastings' Washington patent counsel and instructed its Chicago patent counsel 'That every effort be made to identify it so that the rights thereunder could be acquired.' Seismograph's Chicago counsel contacted his Washington associate patent counsel and fully briefed him on the status of Seismograph's System, the negotiations with Hastings, and the name of Hastings' Washington patent counsel. The Washington associate patent counsel of Seismograph's Chicago patent counsel contacted an employee of Hastings' Washington patent counsel and by 'deception, misrepresentation and concealment' learned the identity of the Honore patent in question. Thereafter, Seismograph acquired exclusive rights in the geophysical field under said Honore patent.

A concise statement of the pertinent facts in the case at hand is as follows:

In 1957, petitioner disclosed to Sunbeam the patent application specifications and drawings, as well as a working model of the "Wilkin Device". This disclosure was made with the understanding that some business arrangement between petitioner and Sunbeam might result therefrom. In 1958, after Sunbeam had already commenced working with a device structurally and functionally similar to the Wilkin Device, Sunbeam through its skilled patent counsel determined in considering patent clearance that it needed to obtain additional information regarding the Wilkin Device, including in particular whether or not

any claims had been allowed in the patent application. Sunbeam's patent counsel with no intention of entering into any negotiations with petitioner in reference to acquiring any rights in the Wilkin Device (R. 290) hired a private lay investigator to obtain the information Sunbeam desired from petitioner. The private lay investigator hired by Sunbeam used an alias and obtained by "deception, misrepresentation and concealment" the valuable confidential information which was desired by Sunbeam. Thereafter, Sunbeam used the information (R. 222) and marketed its device.

Sunbeam received, through its skilled patent counsel, the Wilkin Device (whether on a confidential or non-confidential basis is immaterial) in 1957, when it was contemplated by both parties that an agreement might result therefrom whereby Sunbeam would acquire rights under petitioner's patent application for some monetary consideration to petitioner. Later, in 1958, Sunbeam commenced work on a device which, in the opinion of its patent attorney was similar to the Wilkin Device. It was then determined by the same patent counsel to get confidential information concerning the Wilkin Device. To do this, Sunbeam's counsel did not contact petitioner or her attorney (whose names and addresses were available in Sunbeam's files) but instead hired a private lay investigator to obtain said information. The attorney for Sunbeam did not give the lay investigator the name of the attorney for petitioner. This lay investigator did not disclose his true identity and used an alias at all times, did not disclose the name of Sunbeam for whom he was acting and represented to petitioner at all times that he might be interested in buying rights under petitioner's patent application when, in fact, such was not true. The conduct of Sunbeam was far more reprehensible than that present in the situation of the *Seismograph* case, *supra*.

By "deception, misrepresentation and concealment," Sunbeam acquired from petitioner her trade secret, the Wilkin Device, and discovered confidential information concerning the same, to-wit:

1. The fact that no claims had been allowed to petitioner in her still pending patent application.

2. The fact that petitioner had not been successful in commercially exploiting the Wilkin Device.

3. Copies of the then current patent application specification and drawings of the Wilkin Device thereby disclosing to Sunbeam the Wilkin Device and that there had been no change in the same subsequent to the submission to Sunbeam on February 5, 1957.

4. The fact that a working model of the Wilkin Device was in existence and available to be demonstrated.

In the *Seismograph* case, it was shown by the evidence that Seismograph, through its own independent patent search, had discovered the Honoré patent. The important fact that Seismograph did not know was that this was the particular patent with which Hastings was concerned and Seismograph did not know this important fact until it learned the same through the "deception, misrepresentation, and concealment" of its patent counsel.

In the case at hand, even though Sunbeam knew of petitioner's patent application from 1957, it must be remembered the application pending in the Patent Office was confidential information in 1958. The status of the application, i.e., whether or not any claims had been allowed, whether or not any amendments had been made, whether or not it had been abandoned, and, in fact, *any* information about the application was a business secret of petitioner.

Now, we come to Sunbeam's position in 1958. Sunbeam had and was using a device which, in the opinion of its skilled patent counsel, could infringe patent claims allowed on the Wilkin Device, if, in fact any claims had been allowed. This patent counsel recognized in Sunbeam's device a combination of elements embodied in the Wilkin Device. Since the devices of Sunbeam and the Wilkin Device were different specifically, he was concerned with a patent claim in petitioner's patent application broad enough to cover all of the devices. Sunbeam would have been aware, as a matter of public record, if petitioner had been issued a patent, so it could only conjecture whether on the one hand petitioner had been allowed claims which it would infringe upon marketing or whether, on the other hand, petitioner's application had been abandoned. The patent counsel of Sunbeam made a determination that not only was the Wilkin Device novel to Sunbeam but was so novel that patent claims might have been allowed, and that the claims could be such that Sunbeam might subsequently upon issuance of the patent be infringing. (R. 224). This is also determinative of use. Sunbeam's concern was infringing a claim in a patent of the petitioner reciting exactly what they would be marketing. Sunbeam cannot be heard to explain otherwise. It is readily understandable why Judge Wright in the *Seismograph* case, *supra*, states:

> "The improper acquisition itself creates the liability for damages."

Seismograph's concern resulting in its wrongful taking, by its patent counsel was infringing claims in the Honore patent. Sunbeam wrongfully learned in 1958 that no amendments or changes had been made in the specification of petitioner's patent application, and thus no continuation or substitute application had been filed by

petitioner. Sunbeam likewise learned it faced no competition and would not face future problems of patent claim infringement of any claims then allowed to petitioner. Over and above all of this information, Sunbeam learned that petitioner still had the working model of the Wilkin Device in 1958. The information about the patent application and commercialization was admittedly useful to Sunbeam and undoubtedly so was the other information.

Summing up, Seismograph had knowledge of the Honore patent but wrongfully learned from Hastings' patent counsel that this particular patent was the one which Hastings had opened negotiations to acquire rights thereunder. Sunbeam, in 1957, obtained the Wilkin patent application specification and drawings and had witnessed a demonstration of a working model of the Wilkin Device. In 1958, the valuable information of and concerning the subject matter which they needed and did not have was exactly that which they wrongfully obtained through the private lay investigator. There is no question that Hastings' knowledge of the particular patent for which he was negotiating was his business secret. Likewise, there is no question that petitioner's knowledge that no changes or amendments had been made as to petitioner's patent application; that the same was still pending in the United States Patent Office; that no claims had been allowed therein; that petitioner had not been successful in commercially exploiting the Wilkin Device; that the working model of the same was still in existence and, that the trade secret Wilkin Device was the same in 1958 as it was in 1957, were petitioner's business and/or trade secrets. The improper obtaining and admitted using by Sunbeam make it liable. Relative the prior information obtained improperly, see the *Seismograph* case, *supra*, by Judge Wright: "The fact that the business information is otherwise available is no defense."

VI. THE COURT OF APPEALS DECISION

A. Conflict with the Fifth Circuit

The Court should review the applicability of the correct case law authority to the facts of this lawsuit as represented by *Seismograph Service Corp* v. *Offshore Raydist, Inc.*, 135 F. Supp. 242, 263 F.2d 5 (5 Cir. 1958). In footnote 5 the Court of Appeals states, "Seismograph . . . was an action to enjoin infringement of a patent obtained by fraudulent means. The language of the opinion upon which appellant relies was used in support of the Court's conclusion that the plaintiff therein had unclean hands and therefore was not entitled to relief." This is incorrect relative this case.

Relief as prayed was given counterclaimant in the *Seismograph* case on the points of persons and activity. The concern in both cases was the same, that of infringement of patent claims. Damages were not sought by the counterclaimant. See page 346 of the District Court decision. No loss of profits damages between the competing litigants could be proven, and counterclaimant only sought damages for patent infringement.

It is beyond question today that the basic distinctions between law and equity have been abolished.[7]

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7. The petitioner in the *Seismograph* case, *supra*, raised the question in reverse, and the circuit court at pages 27 and 28 answered: "Appellant forcefully urges that, 'it is to be noted that in this case of first impression in this Circuit the panel rendering the decision has laid down standard of business morals and ethics as a matter of equity jurisprudence where no equitable relationship between the parties was found to exist. The decision imposes obligations, existent only in confidential relationships, upon parties dealing wholly at arm's length, and thus hold serious implications in its disregard for this basic distinction in adjudging the business conduct of such parties.' We felt that appellant's conduct in its business dealings with Hastings Instrument Company was so flagrantly inequitable as not to require legal citations, and that the principles and authorities had been amply discussed in paragraphs editorially numbered 14 through 18 of the district court's opinion, as found in D. C., 135 F. Supp. 342, 354-355, with which discussion we agree."

The admitted "unclean hands" activity of the *Seismograph* case, *supra,* is activity amounting to "improper means", the case at hand. In the *Seismograph* case, *supra,* the relief given the counterclaimant Hastings was given because of the activity by the personnel of Seismograph Service Corporation. The same activity by the same kind of personnel for Sunbeam that is, skilled patent counsel and investigator, instituting and bringing about the obtaining of confidential information by "deception, misrepresentation, and concealment" must give rise to relief for the petitioner. The *Seismograph* case, *supra,* the circuit court decision, sets forth the surreptitious activity of Seismograph through the skilled patent counsel and investigator, page 15 beginning at the top of the second column through the first full paragraph in column 1 on page 21. This is the conduct referred to regarding "improper means" of obtaining information about trade secret business information. Please see the *Seismograph* case, *supra,* the district court decision at page 355, footnote "20" to paragraph "18":

> "The business information and trade secrets which Seismograph improperly acquired from Hastings include the following: . . . (b) the status of his pending patent application; (c) information on a significant background patent (Honore) which he was then negotiating for; . . ."

The latter information is what Judge Wright refers to when he states on page 354: "The fact that the business information is otherwise available is no defense. The improper acquisition itself creates the liability for damages." This is true because Seismograph knew of the Honore patent, but not that this was the patent Hastings wanted, and this was information obtained by the Seismograph skilled patent counsel and investigator, a Washington, D.

C. associate who approached Washington, D. C. counsel of Hastings.[8] The circuit court decision, pages 15-21, *supra*, tells the whole story re prior knowledge of the Honore patent by Seismograph. And, on this point, see the *Seismograph* case, the district court decision, *supra*, page 355, column 2, last sentence in the first paragraph:

> ". . . Indeed, Seismograph even stooped to espionage on Hastings' patent counsel."

Judge Wright in the district court decision in the *Seismograph* case, *supra*, page 354, quotes with approval the Restatement of the Law of Torts, Section 759, *supra*. The *Seismograph* case, *supra*, completely in line with the Restatement, as are all the cases cited by the petitioner, is ample authority in the law to grant review to the petitioner. There is a direct conflict between the Fifth and Tenth Circuits. Examining the elements essential for recovery under the Restatement, Section 759, *supra*, and the *Seismograph* case, *supra*, if the petitioner is not "a rival business interest" of respondent, it is only because of the size of the two, and the law has never denied protection to the weak or small. The "unclean hands" activity of Sunbeam in 1958 is certainly "improper means". Confidential "information" about petitioner's business was obtained in 1958 by Sunbeam by such "improper means". This information was procured by Sunbeam "for the purpose of advancing" its business interest and the information obtained was used by Sunbeam. See the record (R. 222):

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8. See the *Seismograph* case, *supra*, the district court's decision, page 349, column 2, last sentence of the first full paragraph: ". . . Mason congratulated Bailey on his excellent work, and on August 25, 1947, reported in full to Hawkins on the action which had been taken at the Patent Office to determine Hastings' interest in the Honore patent, and advised Hawkins that 'The Honore patent is definitely the patent in which they (Hastings) are interested'."

"Q. You considered this information, of course, useful to Sunbeam or you would not have obtained it, is this true?

A. What information is that, Mr. Fettis?

Q. The information you employed Mr. Cumming to obtain for you.

A. As to the commercialization or the allowance of the patent, yes, I did."

B. The Instructions of the District Court

The Court of Appeals calls attention to the admonitions contained in *Dunn* v. *St. Louis-San Francisco Railway, etc.*, 370 F.2d 682, 683 (10 Cir. 1966). The transcript of the afternoon session of the trial on May 27, 1965, Vol. VI, the material portions of which are in the record (R. 389-392) make it clear that the trial judge was thoroughly aware of the objections of petitioner to the instructions in question, thoroughly understood them, and did not give them or any instructions directed at the theory of the law of petitioner reflected thereby. Please see the record (R. 291):

"The Court: Well, go ahead. I may say to you with respect to this, your other two instructions are based on a different theory of the law than the court has accepted.

Mr. Fettis: I am aware of that.

The Court: And for that reason those two objections are overruled."

See Instruction No. 4 (R. 390) requested by petitioner and not given, and as it applied to requested Instruction No. 2 (R. 103), these instructions incorporating by reference petitioner's requested Instruction No. 1. (R. 103). These requested instructions of petitioner are the ones to which the trial judge referred, and about which he did not agree,

because he did not accept the "theory of the law" of petitioner based on the Restatement of Torts, *supra*, and the *Seismograph* case, *supra*. The trial court was completely aware of all this law, and evidence of the activity of Sunbeam in 1958 through its skilled patent counsel and investigator. Such had been completely briefed and argued to the trial Court by petitioner on motion for summary judgment. Besides, Sunbeam agreed to the procedure concerning the prior objections to the instructions of the trial Court before the jury retired.[9]

The Court of Appeals, on page A7 of the decision, the third full paragraph thereon, holds that the error alleged by petitioner, because the trial court refused to give three proposed instructions, could not have affected the jury's verdict. This is incorrect. The proposed Instructions No. 2 and No. 4 of petitioner incorporated proposed Instruction No. 1 of petitioner. These requested instructions of petitioner which were not given are as follows (R. 103 and 104):

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9. From the trial transcript, pages 782 and 783: "THE COURT: All right. Now let the record show that counsel have just reviewed all of the instructions that the court intends to give. I now inquire of counsel: Will you stipulate that any objections made as to the instructions which you have just reviewed may be considered as having been made after they are given and before the jury has retired. The rules provide that you may make your objections outside of the presence of the jury and may they be considered as, therefore, by stipulation as being made now for that time outside of the presence of the jury?

MR. FETTIS: We will so stipulate that the objections we are to give now shall be so treated.

MR. FOULSTON: The defendant so stipulates, Your Honor.

THE COURT: All right.

The plaintiff may now interpose any objections that you have to the instructions."

The record (R. 389-392) then continues the proceedings.

"PLAINTIFF'S REQUESTED INSTRUCTION No. 1

In this case you are to determine the following ultimate facts:

1. Was the disclosure made by plaintiff to defendant in 1957 in confidence?

2. Was the subject matter disclosed to defendant novel to it at the time?

3. Did defendant use anything so disclosed to it in the Sunbeam Party Grill?

4. Did defendant, by improper means, obtain business information or trade secrets from plaintiff in 1958 and thereafter use the same?

PLAINTIFF'S REQUESTED INSTRUCTION No. 2

You are to make a finding one way or the other in regards to 1, 2, and 3 of the preceding instruction, and if you find that the disclosure in 1957 was in confidence, that what was disclosed was novel to the defendant at the time, and that the defendant used in its Party Grill anything which was novel to it and so disclosed by plaintiff, then you are to render a general verdict in favor of the plaintiff.

PLAINTIFF'S REQUESTED INSTRUCTION No. 4

You are instructed that if you find the defendant, Sunbeam Corporation did by use of improper means in 1958, after having prior knowledge of the Wilkin Device, and before it marketed the Sunbeam Party Grill, obtain from the plaintiff, business information or trade secrets relating to the Wilkin Device, then you shall render a general verdict for the plaintiff without regard to the issues as set forth in Instruction No. 2. You are further instructed that if you have found a general verdict in favor of the plaintiff

under the issues given you in Instruction No. 2 then this instruction may be disregarded.

Seismograph Service Corporation v. *Offshore Raydist, Inc.*, 135 F. Supp. 342, 263 F.2d 5, 5 Cir. (1958).

Colgate-Palmolive Company v. *Carter Products*, 130 F. Supp. 557, 230 F.2d 855, 4 Cir. (1956)."

The important instruction on the "theory of law" which the trial Court did not accept is the requested Instruction No. 4. The trial Court did not give any instruction of this nature at all. The theory of law of the trial Court is set forth in Instruction No. 19 (R. 113 and 114), which was the instruction to the jury setting forth only the issues of (1) disclosure in confidence, (2) of something novel to Sunbeam, and (3) use thereof by Sunbeam. The instruction is completely silent as to the 1958 activity of Sunbeam and "improper means". Petitioner's incorporated proposed Instruction No. 1 referred to this in numbered paragraph 4 as well. The other three numbered paragraphs in Instruction No. 1 set forth the elements corresponding to the Court's Instruction No. 19.

Petitioner's proposed Instruction No. 2 which was not given referred to the first three numbered paragraphs, and would have instructed the jury to give a verdict for petitioner if the three (3) questions were answered in the affirmative.

Petitioner's proposed Instruction No. 4, which was not given sets forth the theory of the law based on the *Seismograph* case, *supra*, and the Restatement of Torts, *supra*, as well as the other cases cited by petitioner, for example, *Tabor* v. *Hoffman*, *supra*, and this is set forth in the first sentence of proposed Instruction No. 4. Instruction No. 4 was necessary because petitioner could prevail and gain

relief on either theory of law, that is, the trial Court's as exhibited by the trial Court's Instruction No. 19 to the jury and the numbered paragraph elements 1, 2 and 3 of the petitioner's proposed Instruction No. 1, which was not given, and that theory represented by petitioner's proposed Instruction No. 4.

If petitioner had prevailed before the jury, and the jury had found (1) disclosure in confidence in 1957, (2) of something novel to Sunbeam and (3) use thereof by Sunbeam, then it would have been useless for the jury to consider proposed Instruction No. 4 of petitioner, which was not given, and the question of numbered paragraph 4 in proposed Instruction No. 1 of petitioner, which was not given. Petitioner needed only to win once. That is the import of the second and concluding sentence of the proposed Instruction No. 4 of petitioner which was not given. A finding for petitioner under petitioner's proposed Instructions No. 2 and the incorporated No. 1 would nullify and make unnecessary consideration of petitioner's proposed Instruction No. 4. However, a finding for respondent under petitioner's requested Instructions No. 2 and incorporated Instruction No. 1 would not make petitioner's requested Instruction No. 4 a nullity. The jury could then have found a verdict for petitioner in view of the beginning and first sentence of Instruction No. 4, reflecting the theory of law as set forth in the *Seismograph* case, *supra*, the Restatement of Torts, *supra*, and all case law which follows the Restatement of Torts. It is not true as the Court of Appeals says on page A8 of the decision, "If a finding for one of the parties would nullify the proposed instruction, it must follow that an adverse finding in favor of the other party would also nullify the proposed instruction." That such is incorrect is believed clear, without question, and it is believed that the Court should review in view thereof.

The only instruction given by the trial court to the jury which touched on the "improper means" activity of the respondent in 1958 was Instruction No. 14, footnote 10 on page A8 of the Court's decision, and this does not reflect the correct law as urged on the District Court. This instruction merely states that what Sunbeam did in 1958 can be considered along with all other facts and circumstances in determining "whether or not plaintiff disclosed something in confidence to the defendant". Any reasonable juror from this instruction had to believe that he had to find that petitioner made a disclosure to respondent in confidence sometime in order to be given relief. This is not true. Further, Instruction No. 14 is believed to be incorrect from the standpoint that it would convey an impression to a reasonable juror other than what was right and/or intended, or represented by correct law. It reads that the jury must find that Sunbeam had to be found to employ "improper means" in 1958 before the jury could consider what happened in 1958 to determine "whether or not plaintiff disclosed something in confidence to defendant". Certainly, the activity of Sunbeam in 1958 could be considered by the jury irrespective of whether or not the jury found the activity to be "improper means" or not. Instruction No. 14 was faulty in two principal aspects. It denied petitioner an opportunity for a verdict in view of the law of the *Seismograph* case, *supra*, the Restatement of Torts, *supra*, and all the case law following the Restatement. In addition, it perhaps took from petitioner the right to have the jury consider the activity of Sunbeam in 1958 at all, again against correct law.

C. Misunderstanding by the Court of Appeals

On page A3 of the decision, third paragraph, the Court states, "Appellee obtained the services of an investigator to determine the *status* of appellant's patent application.

. . ." (Emphasis added). It is important that the status of petitioner's patent application determined was "what claims have been allowed by the Patent Office." (PX 8-R. 399, PX 11-R. 401, and R. 221). With regard to the essential elements which petitioner is required to establish for proof for relief on one theory, this indisputable evidence points all one way and is susceptible of no reasonable inferences which sustain the position of respondent, in regard to the elements of (1) novelty to the respondent and (2) use by respondent. The points made by petitioner relative patent application claim allowance are that the activity by skilled patent persons acting for respondent is evidence which points all one way and is susceptible of no reasonable inferences otherwise, that what was disclosed by petitioner to respondent *was so novel to respondent that the respondent considered it possible that petitioner might have obtained a claim covering such in the patent application;* and such activity by such skilled patent personnel of respondent is conclusive evidence which points all one way and is susceptible of no reasonable inferences otherwise, that respondent had embarked upon a project to manufacture and distribute an electric party grill, which accomplished many of the same results as petitioner's device which therebefore had been disclosed and demonstrated to respondent, and that respondent thought *a patent claim might have been allowed to petitioner in the patent application which would read on the electric party grill of petitioner, which is conclusive of use by petitioner.*

In the same paragraph on page A3 of the decision the Court of Appeals finds, "The investigator used a registered assumed name, indicated he was personally interested, and that he had an undisclosed principal who was *interested*". (Emphasis added). Interested is not believed a fair way

to put it. The Court apparently overlooked that the investigator held out to petitioner, "I might even be interested in buying the patent application" (PX 10-R. 400, and PX 8-R. 399), when respondent had no such intention. Please see the record (R. 290), specifically the following:

> "Q. What do you mean 'arousing her hopes,' Mr. Rose?
>
> A. By making her think I was interested in purchasing her patent application.
>
> Q. Which you certainly were not?
>
> A. That is correct."

This was flagrant and willful misrepresentation on the part of the respondent to the petitioner, on which the petitioner relied to her detriment. Certainly, this is not, "Permissible under New York Statutes" by anyone, especially an investigator acting "without disclosing his connections with appellee".

The Court on page A3 of the decision, last paragraph, sets forth that, "The cases relied upon by appellant in her brief each involved the infringement of patents." The very first case cited in the brief of petitioner under "REMARKS AND THE LAW", and one of the leading cases in this field of the law, did not involve infringement of patents. The case is *Tabor* v. *Hoffman*, 118 N.Y. 30, 23 N.E. 12, and at page 13 is the following:

> ". . . The plaintiff's patent had *expired*, and all of the parts of the pump represented by the patterns had been for a long time on sale in the form of a completed pump. . . ." (Emphasis added).

Relative the mistaken analysis of the cases cited by petitioner as reflected by the Court's statement in the last paragraph on page A3 and the *Tabor* v. *Hoffman* case,

supra, it is believed that the law applicable to the case at hand needs review by the Court. The footnote 4 reference to Walker on Patents additionally indicates that infringement of the patent must be involved. This is not true. The novelty to the respondent need not be patentable novelty.

In addition to *Tabor* v. *Hoffman, supra*, please see the leading case of "*Smith* v. *Dravo Corp.*, (C.A. 7th, 1953) 203 F.2d 369, 373:

> 'We assume that almost any knowledge or information used in the conduct of one's business may be held by its possessor in secret. International Industries v. Warren Petroleum Corp., D.C. Del., 99 F. Supp. 907; Restatement, Torts, Sec. 757 (b) (1939). Of course, as the term demands, the knowledge cannot be placed in the public domain and still be retained as a "secret". Thus, plaintiffs would not be permitted to copy the design of a known device and claim that the copies are their secret. That which has become public property cannot be recalled to privacy. *However, this does not mean that the product must reach the stature of invention.* Shellmar Products Co. v. Allen-Qualley Co., 7 Cir., 36 F.2d 623; Booth v. Stutz Motor Car Co., 7 Cir., 56 F.2d 962; A. O. Smith Corp. v. Petroleum Iron Works Co., 6 Cir., 73 F.2d 531. *All that is required is that the information or knowledge represent in some considerable degree the independent efforts of its claimant. . . .*' (Emphasis added).

In the recent decision of *Imperial Chemical Industries, Limited* v. *National Distillers and Chemical Corporation*, (C.A. 2d, 1965) 342 F.2d 737, the Court reiterated the general rule at page 742:

> '. . . Properly read and applied these provisions do not remove this trade secret case from the operation of the *general principle* that *a trade secret* can exist in a combination of characteristics and components,

each of which, by itself, is in the public domain, but the unified process, design and operation of which, in unique combination, affords a competitive advantage and is a protectible secret. . . .'

The Court continued at page 743:

'It is no defense in an action of this kind that the process in question could have been developed independently, without resort to information gleaned from the confidential relationship. . . .'

'Although the court went on to say that anyone is at liberty to discover the secret and use it thereafter with impunity, that fact does not excuse the obtaining of a secret by improper means or the inequitable use of the same.'"

Also see the Restatement of Torts, *supra.*[10]

Re the last two (2) paragraphs on page A4 of the decision, the three (3) "essential elements" required to establish a right to relief by petitioner, set forth in the first paragraph, were *not* recognized as the basic issues at all stages of the trial. The statement by the Court in the first sentence of paragraph 2 is incorrect. Please see the final pretrial order. (R. 87).

"It is therefore obvious that the issues to be tried are:

1. Whether anything was disclosed in confidence by plaintiff to defendant;

2. Whether what was disclosed was novel to *defendant;* and

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10. Comments, Volume 4: "A trade secret may be a device or process which is patentable; but it need not be that. It may be a device or process which is clearly anticipated in the prior art or one which is merely a mechanical improvement that a good mechanic can make. Novelty and invention are not as requisite for a trade secret as they are for patentability."

3. Whether defendant used anything disclosed to it by plaintiff in the Sunbeam Party Grill." (Emphasis added).

* * *

"Plaintiff has filed an amendment complaint and issue has been joined thereon. It was, and is, plaintiff's contention that a new issue of law has arisen therefrom which issue was brought to the Court's attention by a motion for summary judgment which was overruled by the Court. The plaintiff still contends that an additional issue to those set forth hereinabove exists:

4. Whether the defendant by employing improper means in September and/or October, 1958, obtained from the plaintiff business information or trade secrets; if such finding results, then issues 1, 2 and 3 shall be thereby resolved in favor of the plaintiff."

Both respondent and petitioner have recognized throughout that petitioner need only establish that what was disclosed was novel to *defendant* (respondent). Petitioner has maintained since finding out during discovery in prosecuting the lawsuit of the activity of the investigator in September and/or October, 1958, that she *need not prove any disclosure in confidence to respondent to prevail.* In September and/or October, 1958, petitioner disclosed trade secrets and information concerning trade secrets to a man using an alias who did not disclose respondent as his principal. How can petitioner be held to be required to prove a disclosure in confidence to respondent in regard to what happened in September and/or October, 1958, when at such time petitioner did not make a disclosure at all to respondent? This is what is recognized in the Restatement of Torts, Section 757:

"One who discloses or *uses* another's *trade secret* without being privileged to do so, is liable to the other if

(a) He discovered the secret by *improper means.*"

This does not say anything about a disclosure in confidence. The only elements in question necessary for relief are use, novelty and obtaining by improper means.

The three (3) issues listed by numbered paragraph in the final pre-trial order (R. 87) were issues in the lawsuit from the beginning, and were set forth in the first pre-trial order. (R. 14). However, these three (3) issues pertained only to the lawsuit as originally filed and the disclosure by petitioner to respondent in 1957, whereat Sunbeam obtained information by proper means. The contentions of petitioner, which are before the Court, arose during discovery, when the surreptitious activity of Sunbeam in 1958 was uncovered. Petitioner could have prevailed on the three (3) numbered paragraph listed issues, if the jury had found them in favor of petitioner, which they did not. The jury was never instructed so as to be given an opportunity to find for petitioner on the contentions of petitioner as a result of the 1958 activity of respondent. It was and is the contention of petitioner that the indisputed evidence of the activity of Sunbeam in 1958 goes to the degree and question of proof required by petitioner, and proves all essential elements which petitioner is required to establish as a prerequisite to a right to relief. Further, what happened in 1958 alone makes Sunbeam liable to petitioner as a matter of correct law. The 1958 orientated indisputable evidence points all one way and is susceptible of no reasonable inferences which sustain the position of Sunbeam. The only answer Sunbeam has to the inferences of novelty to and use by Sunbeam arising from surreptitiously obtaining in 1958 from the pe-

titioner that no claims had been allowed in the pending patent application is that "some patent examiner had gone astray". Please see R. 224.

"Cross-Examination by Mr. Foulston

Q. One question, Mr. Rose. You had in your own mind already reached the conclusion, had you not, about the Wilkin application, as to whether or not there was anything patentable there or not?

Mr. Fettis: Just a moment. I will object to this as being beyond the scope of the direct.

Mr. Foulston: He inquired of him, Your Honor, as to why he had Mr. Cumming.

The Court: I will overrule your objection. He may answer.

A. I was convinced that there was nothing patentable in the Wilkin application and the basic reason for my inquiry was just on the chance that *some patent examiner had gone astray* and had allowed some claims." (Emphasis added).

Such a shallow reason is no evidence at all to sustain the position of Sunbeam. It might just as well have taken the position that it desired to find out as a matter of curiosity.

Also, in the last paragraph of page A4 of the decision the Court of Appeals states, "She (appellant) maintains the acquisition of *readily obtainable information* entitled her to relief if acquired by 'deception, misrepresentation, and concealment.'" (Emphasis added). The information obtained by Sunbeam in 1958 was not readily obtainable. This information obtained in 1958 by the hired investigator while not disclosing the principal Sunbeam was the fact that the patent application of petitioner was still pending in the United States Patent Office. (PX 11-R. 401). The fact that no claims had been allowed to pe-

titioner in the application at that time. (PX 11-R. 401). The fact that petitioner had not been successful in commercially exploiting the Wilkin Device. (PX 11-R. 401). The fact that a working model of the Wilkin Device was in existence and available to be demonstrated. (PX 13 and 17-R. 403 and 405). Also, Sunbeam obtained a copy of the pending patent application of petitioner, the written specification and drawings; the same as they were given in 1957.[11] The copy of the written specification and drawings of the *then pending patent application* described and depicted the Wilkin Device. (PX 11-R. 401). None of the information listed hereinbefore was "readily obtainable information". All of it was solely in the possession of petitioner and/or her attorney. None of the information was public information.[12]

The Court of Appeals misunderstood petitioner's cause of action. See page A8 of the opinion. Petitioner has never had more than one cause of action against respondent. The civil action of petitioner is a tort. What is the scope of the tort civil action? Like any tort petitioner had a right. Respondent had a duty. Respondent breached that duty. Petitioner suffered damage. The right of petitioner is to her Wilkin Device and the business information concerning same which was not public and held in

11. The investigator Mr. Cumming wrote, "I do not know exactly how it works and would be interested in obtaining a photograph of it or some descriptive matter on this cooker if possible." (PX 8-R. 399).

12. Section 122 of Title 35, United States Code, provides: "Applications for patents shall be kept in confidence by the Patent Office and *no information concerning the same* given without authority of the applicant or owner unless necessary to carry out the provisions of any Act of Congress or in such special circumstances as may be determined by the Commissioner." (Emphasis added).

confidence. The duty of respondent was to respect that right, and not use "improper means" to obtain it or confidential information concerning it, and use such. Respondent breached its duty to petitioner by its "improper means" activity through the skilled patent counsel and investigator in 1958 in obtaining it and confidential business information of petitioner, and using such. It is admitted both by petitioner and respondent that petitioner has suffered damage, the amount to be determined subsequently in an accounting procedure, if respondent is found liable. Petitioner had only one Wilkin Device and all confidential information concerned herein relates to such. The activity of respondent in 1958 was first discovered by petitioner during deposition discovery proceedings in the litigation. The facts of the activity existed long prior to the filing of the complaint by petitioner. The facts of the activity of respondent in 1958 were not and could not have been discovered before. The applicability of the 1958 activity of respondent goes only to the proof required of petitioner under the law to make the respondent liable.

THE PRAYER

Wherefore, petitioner prays that a writ of certiorari issue under the seal of this Court, directed to the United States Court of Appeals for the Tenth Circuit, commanding same to certify and send to this Court a full and complete transcript of the proceedings had in the case numbered and entitled on its docket No. 8504, Kathleen K. Wilkin, Appellant, v. Sunbeam Corporation, Appellee, so that this cause may be reviewed and determined by this Court as provided for by statutes of the United States, and that the judgment of the said United States Court of Ap-

peals for the Tenth Circuit be reversed by this Court, and for such other relief as to this Court may seem proper.

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UNITED STATES COURT OF APPEALS
TENTH CIRCUIT

JANUARY TERM, 1967

KATHLEEN K. WILKIN,
Appellant,
vs.
SUNBEAM CORPORATION,
Appellee.

No. 8504

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF KANSAS.

(Filed April 20, 1967)

John H. Widdowson, Wichita, Kansas (Everett C. Fettis and Robert C. Allan, Wichita, Kansas, with him on brief) for appellant.

Malcolm Miller, Wichita, Kansas (Robert C. Foulston, Wichita, Kansas, George R. Clark and Walther E. Wyss, Chicago, Illinois, with him on brief. Foulston, Siefkin, Powers, Smith & Eberhardt, Wichita, Kansas, and Mason, Kolehmainen, Rathburn & Wyss, Chicago, Illinois, of counsel) for appellee.

Before MURRAH, Chief Judge, HILL and HICKEY, Circuit Judges.

HICKEY, Circuit Judge.

This action is based on a species of fraud.[1] The appellant complains that the appellee obtained secret information, in the nature of a trade secret, given in confidence, and used by appellee for its benefit and to the appellant's damage.

The appellant, Wilkins, is a school teacher, housewife and homemaker who conceived a device novel to her.

The appellee, Sunbeam, is a corporation which manufactures and distributes appliances on a national scale.

The appellant, assisted by her husband, had a device constructed by tradesmen, which cooked sandwiches, pies and other delicacies containing fillers. The appellant believed this sandwich maker was novel. The device proved attractive to friends and associates, and inspired appellant to write letters to several organizations similar to appellee who were national manufacturers and distributors of household appliances. The letters advised that appellant had made an application for patent, and offered to send a copy of the application if there was an interest. Appellee's answer to the solicitation said: "Since you have filed a patent application on this device, we would be pleased to receive it to determine whether or not we would be interested in acquiring any rights therein." Appellant, upon receipt of the answer, immediately replied that her husband would deliver a copy of the application to appellee in Chicago and give a demonstration of the device.

Shortly after the demonstration, the appellee wrote appellant returning the application and advising it had no interest because a promotion campaign required would be too large a project.

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1. Reynolds v. Whitin Mach. Works, 167 F.2d 78, 87 (4 Cir. 1948); Carter Products Inc. v. Colgate-Palmolive Co., 214 F.Supp. 383, 394 (D. Maryland 1963).

The husband of appellant gave a copy of the application and demonstrated the device to another organization on his return trip from Chicago. This presentation was also rejected. Other appliance organizations received copies of the application but no one evidenced an interest.

Some time subsequent to the above transactions, appellee embarked upon a project to manufacture and distribute an electric party grill which accomplished many of the same results as the appellant's device. Appellee had retained a copy of appellant's device in its files and also the name and address of appellant's patent attorney.

Appellee obtained the services of an investigator to determine the status of appellant's patent application and whether or not the device was being commercially produced and distributed. The investigator solicited this information from appellant's attorney without disclosing his connections with appellee. The investigator used a registered assumed name,[2] indicated he was personally interested, and that he had an undisclosed principal who was interested. The information requested was given.

The automatic electric grill of appellee was placed on the market and when the appellant heard of it and saw it, this action ensued.

The cases relied upon by appellant in her brief each involved the infringement of patents. This action is not a patent infringement action because a patent has not been granted. It is an action alleging the misappropriation of confidential information. The appellant has no right of action for damages to property rights established by virtue of the patent laws because a patent was not granted.[3]

2. Permissible under New York Statutes.

3. Gayler v. Wilder, 51 U.S. 476; Muskegon Piston Ring Co. v. Olsen, 307 F.2d 85, 89 (6 Cir. 1962).

"The general equitable right of plaintiff in an action solely and exclusively of that nature [claim pleaded in the complaint that a confidential relation existed, that in wrongful disregard of the relation, defendant obtained a patent on the invention of the plaintiff] is independent of the patent laws." Cummings v. Moore, 202 F.2d 145, 147 (10 Cir. 1953).

The distinction between patent infringement and breach of confidence is that the cause accruing in the latter is in the nature of purloining another's idea and is a species of fraud.[4]

On the issue of liability for alleged appropriation of another's idea, the essential elements which a claimant is required to establish as a prerequisite to a right to relief are: "(1) that the idea disclosed must be novel, (2) that it must be made in confidence and (3) that it must be adopted and made use of by the defendant. [Citations omitted]." Mitchell Novelty Co. v. United Manufacturing Co., 199 F.2d 462, 465 (7 Cir., 1952); De Filippis v. Chrysler Corp., 53 F.Supp. 977; affm'd 159 F.2d 478 (2 Cir. 1947); Smoley v. New Jersey Zinc Co., 24 F.Supp. 294; affm'd 106 F.2d 314 (3 Cir. 1939).

These elements were recognized as the basic issues at all stages of the trial. Appellant contends, however, the surreptitious obtaining of information by the investigator after the initial disclosure is a factor which eliminates the above elements of liability. She maintains the acquisition of readily obtainable information entitles her to relief if acquired by "deception, misrepresentation, and

4. Supra, note 1. A person may protect his ideas while his patent application is pending and before his exclusive rights have vested due to the issuance of a patent by maintaining an action for the wrongful appropriation of trade secrets. II Deller's Walker on Patent, 1963 Cumulative Supp., p. 266, §3, and the cases cited therein.

concealment." We cannot find authority for this assertion, nor was any cited in appellant's brief.[5]

In addition, appellant has not identified a new trade secret or specific novel idea which could have as its origin the information gained by the investigator in the latter part of 1958.

Therefore, we can only consider the elements stated above.[6] The jury resolved these issues against the appellant. The uncontroverted evidence reveals that the principles incorporated in appellant's device were known to the industry prior to appellant's application for patent and therefore there was no trade secret which could be disclosed.[7]

Appellant herein claims error in that the court failed to grant her motion for summary judgment, failed to grant a motion for a directed verdict, and failed to grant a motion for judgment notwithstanding the verdict.

"The theory underlying a motion for summary judgment is, however, substantially the same as that underlying a motion for directed verdict. The essence of both motions is that there is no genuine issue of material fact to be resolved by the trier of the facts, and that the movant is entitled to judgment on the law applicable to the established facts." 6 Moore Fed. Prac. §56.04 [2] at 2066.

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5. Seismograph Service Corp. v. Offshore Raydist, Inc., 135 F.Supp. 342, 263 F.2d 5 (5 Cir. 1958), upon which appellant so heavily relies, was an action to enjoin infringement of a patent obtained by fraudulent means. The language of the opinion upon which appellant relies was used in support of the court's conclusion that the plaintiff therein had unclean hands and therefore was not entitled to relief.

6. Supra (Mitchell Novelty Co. v. United Manufacturing Co., 199 F.2d 462, etc.).

7. Baum v. Jones & Laughlin Supply Co., 233 F.2d 865, 870 (10 Cir. 1956).

"A motion for judgment notwithstanding the verdict is actually merely a renewal of a previous motion for a directed verdict as to which the court has reserved decision. Thus, the standard is the same for both motions as to when they should be granted. Motions of this kind raise the question whether there is or was any substantial evidence to take the case to the jury. Since, if granted, they deprive the party of a determination of the facts by a jury, they should be cautiously and sparingly granted. The court may not substitute its judgment on a question of fact for that of the jury, nor direct a verdict because the evidence decidedly preponderates for the moving party." 2B Barron & Holtzoff, Fed. Prac. and Proc., §1075, at 375, 378 (Rules ed. 1961).

Because of the similarity of the three motions, we shall consider them together. This court has often said, ". . . In passing on a motion for a directed verdict he [the trial judge] must view the evidence in the light most favorable to the opposing party. Although a scintilla of evidence is not sufficient to justify submitting a case to the jury, a verdict may not be directed unless the evidence points all one way and is susceptible of no reasonable inferences which sustain the position of the party against whom the motion is made." Christopherson v. Humphrey, 366 F.2d 323, 325-326 (10 Cir. 1966). See also Hardware Mutual Ins. Co. v. Lukken, ... F.2d ....., #8538 (10 Cir. Jan. 1967).

After applying the law and the evidence to the standard enunciated, we cannot say that the appellee herein has shown no defense to the claims propounded by the appellant.

Appellant's motion for a new trial was denied. "A motion for new trial is addressed to the sound discretion of the trial court, and the granting or denial of such a motion will not be disturbed on appeal except for manifest abuse of dis-

cretion. [Citations omitted]." McCullough Tool Company v. Well Surveys, Inc., 343 F.2d 381, 410 (10 Cir. 1965). We conclude that there was no abuse of discretion.

Appellant alleges failure of the court to properly instruct the jury under her requested instructions. It is also alleged that the judgment of the court is contrary to the evidence and the law.

In line with counsel's request, we have obtained Vol. VI of the transcript of the afternoon session of May 27, 1965 for review. A review of those portions of the record regarding the instructions directs us to call attention to the admonitions contained in Dunn v. St. Louis-San Francisco Railway, etc., 370 F.2d 681, 683 (10 Cir. 1966).

The three proposed instructions wherein error is alleged because the trial court refused to give them could not have affected the jury's verdict.

Proposed instruction number two reiterates the elements[8] given in the court's instruction and therefore would have been redundant.

Proposed instruction number three was covered in the court's instruction relative to the issue of confidential disclosure and adds nothing to that instruction.

Proposed instruction number four[9] is covered by the court in its instruction relative to the consideration to be

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8. The elements to which reference is made appear on page 4, paragraph 1 of this opinion.

9. Proposed Instruction No. 4 provided: "You are instructed that if you find the defendant, Sunbeam Corporation, did by use of improper means in 1958, after having prior knowledge of the Wilkin Device, and before it marketed the Sunbeam Party Grill, obtain from the plaintiff, business information or trade secrets relating to the Wilkin Device, then you shall render a general verdict for the plaintiff without regard to the issues as set forth in Instruction No. 2. You are further instructed that if you have found a general verdict in favor of the plaintiff under the issues given you in Instruction No. 2 then this instruction may be disregarded."

given the defendant's conduct in October, 1958.[10] Any additional effect it might have had is nullified by its concluding sentence, "you are further instructed that if you have found a general verdict in favor of the plaintiff under the issues given you in instruction number two, then this instruction may be disregarded."

Instruction number two to which the proposed instruction referred was the instruction which framed the three issues on trial.[11]

The action was not tried, nor were the issues framed in the pre-trial conferences, to establish two or more causes of action.[12] Therefore, an alternative instruction would have been improper. If a finding for one of the parties would nullify the proposed instruction, it must follow that an adverse finding in favor of the other party would also nullify the proposed instruction.

Because no specific argument has been presented which shows how the judgment is contrary to the law and the evidence, and because we have answered all other specific issues raised by appellant, we conclude that the issue "that the judgment of the court is contrary to the evidence and the law" has been answered.

A complete examination of the record with its additions has convinced us the lower court should be affirmed.

AFFIRMED.

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10. Instruction No. 14 provided: "You are instructed that should you find that defendant, by employing improper means in September and/or October, 1958, obtained or acquired business information and the like from plaintiff, then you may consider such fact along with all the other facts and circumstances you may find to exist in the case in determining whether or not plaintiff disclosed something in confidence to defendant which was novel to defendant and which defendant used in its Sunbeam Party Grill. You are however instructed that one may, without abandoning his own name and without fraudulent intent, do business in an assumed name. There is nothing improper in using an assumed name, or in employing a third party to make inquiries, or in acting for an undisclosed principal."

11. See page 4, paragraph 1 of this opinion.

12. See page 4, paragraph 2 of this opinion.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1967.

No. 606

KATHLEEN K. WILKIN,

Petitioner,

vs.

SUNBEAM CORPORATION,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT.

BRIEF FOR RESPONDENT IN OPPOSITION.

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SUNBEAM CORPORATION,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT.

BRIEF FOR RESPONDENT IN OPPOSITION.

OPINIONS BELOW.

The opinion of the United States Court of Appeals for the Tenth Circuit is reported at 377 F. 2d 344 (1967). Such opinion affirmed the judgment of the United States District Court for the District of Kansas, which was entered in accordance with a jury verdict in favor of Respondent and against Petitioner. A petition for rehearing was denied by the Court of Appeals on June 12, 1967, and its mandate was spread on June 26, 1967.

JURISDICTION.

Jurisdictional requisites are set forth in the Petition.

QUESTION PRESENTED.

In a situation where Petitioner, after filing a patent application, solicited many companies on a non-confidential basis and thereafter similarly solicited Respondent, and voluntarily showed Respondent the specification portion of such patent application and a working model of a sealed sandwich maker (Wilkin device) to determine if Respondent was interested in acquiring any rights in such patent application, and where Respondent declined Petitioner's offer to acquire any such rights and where, some four years later, Respondent developed and marketed through its own people, who never saw or heard of the Wilkin device or patent application, a somewhat similar device (Sunbeam Party Grill), and where Petitioner brought suit claiming she disclosed a novel device to Respondent in confidence which was used by Respondent to her detriment and where, after trial of such issues a jury verdict determined that Petitioner did not make any disclosure in confidence, did not have a novel device but only one old in the art and well known to Respondent and that Respondent did not use anything disclosed to it by Petitioner;

And in the further situation where, in connection with the consideration of another disclosure from a different party, some fifteen months after the initial nonconfidential disclosure hereinbefore mentioned, Respondent's patent attorney obtained, also on a nonconfidential basis, from Petitioner's patent attorney, through an independent investigator, information: (1) that no claims had been allowed to Petitioner; and (2) that her device had not been commercially exploited; then

Is the manufacturer, Respondent herein, liable to Petitioner as a result of such second disclosure made by her patent attorney?

STATEMENT.

This is, as Petitioner asserts, a misappropriation case. It was tried in the United States District Court for the District of Kansas, where jurisdiction lay because of diversity of citizenship with the requisite amount in controversy.

In a formal pretrial order, the parties agreed that the issues to be tried were:

1. Whether anything was disclosed in confidence by Plaintiff to Defendant;
2. Whether what was disclosed was novel to Defendant; and
3. Whether Defendant used anything disclosed to it by Plaintiff in the Sunbeam Party Grill (R. 87).*

Trial was had on these stipulated issues as contained in such formal pretrial order, Petitioner introducing evidence as to the building of the Wilkin device, the demonstration made to Respondent in 1957 and her assertion that the Sunbeam Party Grill, marketed over four years after said demonstration, embodied her disclosure. Respondent offered evidence to show that the disclosure made to it by Petitioner was on a nonconfidential basis; that there was nothing novel involved in the disclosure since what was disclosed was old in the art and well known to Respondent; and that the Sunbeam Party Grill was developed by Respondent through its own development team, none of whom had ever heard of or seen the Wilkin device or the Wilkin patent application prior to the trial. The trial developed other facts, including that Petitioner had made a noncon-

* Throughout this Brief "R...." shall denote the Record in the Court of Appeals, "EX...." shall denote the trial Exhibits, and "P...." shall denote the Petition.

fidential disclosure of her device to many others in addition to Respondent; that no manufacturer was interested in her device since each believed it old in the art; that no patent was ever obtained by Petitioner; and that the patent application was abandoned after rejection by the United States Patent Office.

The stipulated issues were submitted to a jury under appropriate instructions, and the jury returned a verdict in favor of Respondent, thus determining that there was no confidential disclosure; that there was no novelty; and that Respondent did not use in its Sunbeam Party Grill anything disclosed to it by Petitioner.

Certainly no question for this Tribunal arises from the situation so far detailed above. Petitioner's alleged question for review here arises as the result of her unsuccessful attempt to inject a fourth issue into the case, which issue was set out in the formal pretrial order as follows:

> 4. Whether the defendant by employing improper means in September and/or October, 1958 obtained from the plaintiff business information or trade secrets; if such finding results, then issues 1, 2 and 3* shall be thereby resolved in favor of the plaintiff (R. 87).

Respondent contended below that no such issue existed; that it at no time employed any improper means; that Petitioner had no business information or trade secrets; and that Petitioner's proposed new cause of action was barred by the statute of limitations (R. 88).

The crux of Petitioner's assertion as to her proposed fourth issue arose from certain communications in October, 1958 between U. O. Cumming, an independent investigator employed by Respondent, and John Widdowson, Petitioner's patent attorney, with all pertinent communications

* The three issues stipulated in the formal pretrial order which are quoted hereinabove at page 3.

being by correspondence. Cumming dealt with Widdowson under the name of Robert Laird, which name Cumming had filed as an assumed name pursuant to the statutes of New York, where he resided.

For the convenience of the Court, Respondent has placed this exchange of correspondence in Appendix A hereto. This correspondence took place shortly after a similar exchange between Petitioner's same patent attorney and the patent attorney for Star Manufacturing Company, one of the many companies Petitioner tried unsuccessfully to interest in her device. This correspondence has been placed in Appendix B hereto.

Respondent, as may readily be determined by examining the correspondence (Appendix A), had simply asked the independent investigator to determine whether any claims had been allowed in Petitioner's patent application and whether her device had been marketed. As shown by the correspondence and by Cumming's testimony introduced at the trial, his report was that no claims had been allowed and that the device had not been marketed. This is the whole of the matter. Petitioner offered no evidence whatsoever as to the existence of any trade secrets allegedly improperly obtained by Respondent. The patent application and the Wilkin device cannot be the trade secrets allegedly improperly obtained in 1958 since Petitioner now admits that Respondent obtained these "trade secrets" by proper means in 1957 (P. 31). Petitioner should not now be heard to argue that Respondent obtained by improper means the very "trade secrets" it already had in its possession and which it had been freely given by Petitioner.

REASONS FOR DENYING THE WRIT.

1. The decision below is not in conflict with the decision of the Court of Appeals for the Fifth Circuit in *Seismograph Service Corp.* v. *Offshore Raydist, Inc.*, 263 F. 2d 5 (1958) "on the same matter".

2. The decision below is manifestly correct. The facts were determined by a jury. The legal principles applied both by the Court below and by the trial court are well settled and recognized by many of our Courts of Appeal. *Official Airlines Schedule Information Service, Inc.* v. *Eastern Air Lines, Inc.*, 333 F. 2d 672 (5th Cir. 1964); *Boop* v. *Ford Motor Company*, 278 F. 2d 197 (7th Cir. 1960); *Mitchell Novelty Co.* v. *United Mfg. Co.*, 199 F. 2d 462 (7th Cir. 1952); *De Filippis* v. *Chrysler Corporation, et al.*, 159 F. 2d 478 (2d Cir., 1947), cert. denied, 331 U. S. 848; 67 S. Ct. 1733, 91 L. Ed. 1857 (1947); *Van Rensselaer* v. *General Motors Corp.*, 324 F. 2d 354 (6th Cir. 1963). Such principles, plus the jury's resolution of the facts, properly determined the stipulated issues.

ARGUMENT.

I.

THERE IS NO CONFLICT ON THE SAME MATTER BETWEEN THE OPINION BELOW AND THAT OF THE COURT OF APPEALS FOR THE FIFTH CIRCUIT IN SEISMOGRAPH SERVICE CORP. v. OFFSHORE RAYDIST, INC., 263 F. 2d 5. EACH CASE TURNS ON ITS OWN PECULIAR SET OF FACTS AND INVOLVES AN APPLICATION OF STATE, NOT FEDERAL, LAW.

The principles involved in this case, admittedly a misappropriation case (P. 4), are well settled. While this action involves state rather than federal law and was tried in the Federal Court purely because of diversity with the requisite amount in controversy, the elements which Petitioner must show for recovery are well settled and have been determined in at least four circuits. *Official Airlines Schedule Information Service, Inc.* v. *Eastern Air Lines, Inc., supra; Boop* v. *Ford Motor Company, supra; Mitchell Novelty Co.* v. *United Mfg. Co., supra; De Filippis* v. *Chrysler Corporation, et al., supra;* and *Van Rensselaer* v. *General Motors Corp., supra.* These elements are fully embodied in the issues set forth in the pretrial order herein, namely:

1. Whether anything was disclosed in confidence by plaintiff to defendant;
2. Whether what was disclosed was novel to defendant; and
3. Whether defendant used anything disclosed to it by plaintiff in the Sunbeam Party Grill.

These questions were submitted to and determined by the jury. Their determination resulted in the judgment of the

United States District Court for the District of Kansas which was affirmed below. It is, therefore, established that Petitioner did not disclose anything in confidence to Respondent; that what Petitioner did disclose was not novel to Respondent; and that Respondent did not use anything disclosed to it by Petitioner in its Sunbeam Party Grill.

This puts Petitioner on the horns of a dilemma. Having failed to prove the requisite elements of a misappropriation case and having offered no cause of action* nor any proof on a trade secret case, Petitioner, in an effort to extricate herself, has devised the theory set forth in the pretial order as the proposed fourth issue, namely:

> "Whether the defendant by employing improper means in September and/or October, 1958, obtained from the plaintiff business information or trade secrets; if such finding results, then issues 1, 2 and 3 shall be thereby resolved in favor of the plaintiff" (R. 87).

It becomes apparent that Petitioner's contention involves a theory that the elements of a misappropriation case can be proved merely by showing "improper" taking of information from Petitioner**. Petitioner's problem is two-fold. First, this is not a trade secret case and ir leed there was no trade secret nor any attempt to prove a trade secret. Second, the trial court instructed the jury in its Instruction 14 as follows:

> "You are instructed that should you find that defendant by employing improper means in September and/or October 1958, obtained or acquired business

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* Obviously because the statute of limitations would have run thereon even if she had any trade secrets on which to base such a cause of action.

** The Court of Appeals in its decision on this point said (377 F. 2d. 346-347):

> "We cannot find authority for this assertion, nor was any cited in appellant's brief".

information and the like from plaintiff, then you may consider such fact along with all the other facts and circumstances you may find to exist in the case in determining whether or not plaintiff disclosed something in confidence to defendant which was novel to defendant and which defendant used in its Sunbeam Party Grill" (R. 112).

This instruction essentially paraphrases what Petitioner attempted to assert in her proposed fourth issue. In finding for Respondent, the jury obviously did not believe that there had been any improper taking. This jury determination is demanded by the factual situation presented. The information sought by Respondent in the fall of 1958 (some three years prior to the marketing of the Sunbeam Party Grill) was given freely by Petitioner's patent attorney. This information was simply that no patent claims were allowed in Petitioner's pending application* and that the Wilkin device had not been marketed. It is obvious from the correspondence that Petitioner's patent attorney not only showed no reluctance to give the information but was perfectly willing to pass it along to anyone who might conceivably show an interest. Just a few months before he had given the same information, and more, to the patent attorneys for Star Manufacturing Company, as disclosed by the Exhibits contained in Appendix B hereto. Of course Petitioner's patent attorney could have refused to divulge any information, but having done so Petitioner should not now be heard to complain that Respondent acquired the information improperly.

Being unable to prove the requisite elements of a misappropriation case, Petitioner now asserts that there is some principle of law in *Seismograph* under which her patent attorney's disclosure of certain miscellaneous infor-

* This was an understatement since the U. S. Patent Office on October 2, 1958 rejected the Wilkin patent application as involving nothing new or novel.

mation to Respondent in 1958 should in some mystical or magical manner result in recovery to Petitioner.

Seismograph is a fact case. Moreover, it depends on the state law either in Oklahoma where Seismograph was located; in Virginia, where Hastings had his laboratory; or in Louisiana, where the case was tried. It is a unique factual situation and the factual situation is utterly unlike that in the instant case.

In *Seismograph,* Hastings conceived of an idea using a two-dimensional heterodyne phase comparison principle as a means of locating on two lines of position an object either in the air or on the ground or over water. He was aware of a basic patent owned by Honore covering the heterodyne phase comparison system but which had never been put to any practical use. Seismograph Service Corporation was in the process of endeavoring to develop a means for quickly and accurately locating an object over water for use by its client, Phillips Petroleum Company, in its off-shore drilling program. Officials of Phillips heard about Hastings and met with him, and he disclosed to them and demonstrated to them his principle and his idea. These officials immediately relayed such information to Seismograph, and particularly to its electronics engineer, Hawkins, who had the primary responsibility for developing a system for Phillips. Therefore, Seismograph and Hawkins learned of the heterodyne phase comparison principle from Hastings. The officials at Seismograph proposed a joint venture relationship with Hastings to develop such principle and put it to practical use and, pursuant thereto, learned in detail of his work, experimentation and the results thereof. They also learned from him that there was a basic patent which such system would infringe and which would have to be acquired, and that Hastings was in the process of acquiring such patent.

Seismograph decided that it would proceed alone with

the information it had gained from Hastings to develop a suitable location system and would itself acquire the basic patent which it knew existed from what Hastings had told it but which he had not named. In the interim and while it was perfecting its system, it deliberately and intentionally left Hastings under the impression that the joint venture proposal was open, while at the same time it was running behind his back locating the basic patent and then the owner of such patent and acquiring it for itself. Additionally, Hawkins, on behalf of Seismograph, immediately applied for a patent on the two-dimensional system and indeed obtained a patent for Seismograph. As a result, Hastings had a location system known as Raydist, and Seismograph had a similar system which it called the Lorac System. Seismograph then brought suit against Hastings' Company, Offshore Raydist, alleging that the Raydist system was infringing the rights of Seismograph and its Hawkins patent as well as the Honore patent which Seismograph had obtained by circumventing Hastings.

Both the District Court and the Court of Appeals, being confronted with this situation, found that the idea of putting the phase comparison heterodyne principle to work was Hastings' and that Hawkins obtained such idea from Hastings and, while holding out a joint venture to Hastings, Seismograph acquired the basic Honore patent. The Courts, therefore, determined that the Hawkins patent was invalid since Hawkins was not the inventor. Because of the manner in which Seismograph had acquired the Honore patent and perfected its own system, it was obliged to license Hastings under the Honore patent. No damages were allowed Hastings.

It seems abundantly clear that in the fact situation confronting the Courts in *Seismograph,* the decision is clearly correct, but it does not aid Petitioner in the instant case. Herein there was no holding out of any joint venture by

Respondent to Petitioner and indeed the jury below determined, with abundant evidence to support its conclusion, that there was no confidential relationship between the parties. In addition, the Wilkin device was neither new nor novel to Respondent. It was familiar with sealed sandwich makers, both electrified and non-electrified, for many years before Petitioner appeared on the scene. The jury below found, on evidence which demands such finding, that nothing novel was disclosed by Petitioner to Respondent. Finally, it was shown that Respondent embarked on its own development program and after some years of research and development came up with its own Party Grill. It did not take anything from Petitioner. Patently the situation in the instant case and the facts as properly found by the trier of the facts below make this an entirely different situation than in *Seismograph*.

There is likewise no support for Petitioner in the other authorities cited. *Tabor* v. *Hoffman*, 118 N. Y. 30, 23 N. E. 12 (N. Y. 1889), involves the patterns for a pump, which patterns the plaintiff kept secret. The defendant learned of the secret by convincing a third party, who had made some repairs to the patterns, to disclose the secret. The secret device was novel and did give the plaintiff a competitive advantage over those who did not have the secret. The situation in the instant case is entirely different since Petitioner's device was without novelty and she did not keep it secret but, on the contrary, was anxious to show it to anyone on a nonconfidential basis.

The only thing new and novel in the instant situation is the theory of Petitioner in her effort to engraft principles from a trade secret case onto a misappropriation case and this even though there is no trade secret and no novelty. Most certainly *Seismograph* does not aid Petitioner in this effort. It involved a completely different factual situation and arose in different states than the instant litigation.

Herein Petitioner is a resident of Kansas, Respondent is a resident of Illinois, and the exchange of correspondence on which Petitioner now bases her whole case took place between Kansas and New York. There are no federal principles involved. Patently there is no conflict "on the same matter" between the Court below and the Court of Appeals for the Fifth Circuit in *Seismograph*. There is no basis for certiorari.

II.

THE COURT BELOW CORRECTLY DETERMINED THE NECESSARY ELEMENTS IN A MISAPPROPRIATION CASE AND INSURED THAT THE CORRECT PRINCIPLES OF LAW WERE APPLIED BY THE TRIER OF THE FACTS. THAT COURT ALSO FOUND THAT THE EVIDENCE AMPLY SUPPORTED THE JUDGMENT RENDERED.

It is a well established principle* that the elements of a misappropriation case are the disclosure in confidence of something novel and the use of such disclosure. The requisite elements were stipulated in the formal pretrial order below (R. 87). The trial court instructed the jury as to these elements and the jury returned its verdict in favor of Respondent. Judgment was entered in accordance therewith, which judgment was affirmed below. The evidence not only supports but demands the conclusion of the jury.

This should end the matter. Petitioner, however, endeavors to have new elements devised for a misappropriation case and borrows from the trade secret field in an effort to support such a new and novel theory. It is her position that if *any* information is obtained improperly,

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* See *Official Airlines Schedule Information Service, Inc.* v. *Eastern Air Lines, Inc.*, supra; *Boop* v. *Ford Motor Company*, supra; *Mitchell Novelty Co.* v. *United Mfg. Co.*, supra; *De Filippis* v. *Chrysler Corporation, et al.*, supra; and *Van Rensselaer* v. *General Motors Corp.*, supra.

whether new and novel or not, the improper taking is of itself sufficient to establish liability and takes the place of a disclosure in confidence of something novel used by Respondent.

There is no support for Petitioner's contention.* Her chief reliance is on the *Restatement of Torts,* Vol. IV, Sections 757 and 759. Such work defines a trade secret as (Vol. IV, p. 5):

> "* * * any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it. * * * A trade secret is a process or device for continuous use in the operation of the business. * * *"

Additionally, of course, the subject matter of a trade secret must be secret. Matters of general knowledge cannot be appropriated by anyone as his secret.**

Petitioner did not present any evidence in the case below to support her present contention. First, there was no confidential relationship. Mr. Justice Holmes for this Court found years ago that the existence of a confidential relationship is the starting point in a cause of action such as that which Petitioner now seeks to assert. *E. I. Du Pont de Nemours Powder Co.* v. *Masland,* 244 U. S. 100, 103; 37 Sup. Ct. 575; 61 L. Ed. 1016 (1917). Second, there was no improper taking.

Petitioner's reliance (P. 28) upon *Smith* v. *Dravo Corporation,* 203 F. 2d 369 (7th Cir. 1953) is misplaced. That case does involve trade secrets and the obtaining by the defendant of the plaintiffs' secret process through breach of a confidential relationship but, as the Court pointed out (p. 376):

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* See second footnote p. 8 of this Brief.

** *Restatement,* Vol. IV, page 6, and see *Nickelson* v. *General Motors Corporation,* 361 F. 2d 196 (7th Cir. 1966).

> "Certain it is that a non-confidential disclosure will not supply the basis for a lawsuit. Plaintiffs' information is afforded protection because it is secret. Promiscuous disclosures quite naturally destroy the secrecy and the corresponding protection."

Petitioner did not have any trade secret. She had no idea which was novel and which she kept as a secret, as is pointed out in the exchange of correspondence set forth in the appendices hereto. Petitioner's patent attorney disclosed her non-novel idea to anyone who asked. Her disclosures were not made in confidence and they were not of any secret information which could possibly give her any competitive advantage over others.*

Further, there is a complete failure of any showing of use by Respondent of anything, whether secret or not, disclosed to it by Petitioner. In fact, the evidence at the trial was completely to the contrary. Petitioner's initial nonconfidential disclosure was made early in 1957. The only other disclosure to Respondent was made in October of 1958. Respondent spent from December, 1958, until August, 1961, in developing its Party Grill. In a somewhat analogous situation, the Court of Appeals for the Second Circuit in *Speedry Chemical Products, Inc.* v. *Carter's Ink Co.*, 306 F. 2d 328 (2d Cir. 1962) said (p. 334):

> "Speedry's final claim was that Carter used certain business information obtained from them. This is difficult to understand in the light of the fact that Carter's product did not reach the market until eighteen months after the alleged disclosures."**

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* Also misplaced is Petitioner's reliance (P. 28-29) on *Imperial Chemical Industries, Ltd.* v. *National Distillers And Chemical Corp.*, 342 F. 2d 737 (2d Cir. 1965), since the court there recognized the principles already enunciated herein, i.e., that there must be a secret and there must be something that will give a competitive advantage.

** See also to the same effect, *Stevens* v. *Continental Can Co.*, 308 F. 2d 100 (6th Cir. 1962).

Likewise, it is difficult to understand Petitioner's contention here that the knowledge acquired in 1958, that no claims had been allowed and that Petitioner had not then marketed her device, was useful business information to Respondent in the light of the fact that Respondent's Party Grill did not reach the market until almost three years later.

Another essential is novelty. Petitioner's device simply had no novelty. Her ideas, while perhaps new to her, were old in the art, as the jury determined and as the Court below agreed. Therefore, a court cannot imply an agreement by Respondent to pay for using an allegedly novel design when there was no novel design. There can be no trade secret where the Petitioner's idea was well known in the industry. This doctrine was well known to the Court below since its decision in *Baum* v. *Jones & Laughlin Supply*,* 233 F. 2d 865 (10th Cir. 1956).

The Court below correctly determined the elements in a misappropriation case and found that the evidence amply supported the verdict of the jury that there was no confidential disclosure, no disclosure of any novel idea and no use by Respondent of anything disclosed to it by Petitioner. The Court additionally examined Petitioner's theory and noted her attempt to borrow from the trade secret field in an effort to prove in a completely different manner the necessary elements of a misappropriation suit. Petitioner failed because she had no trade secret and because there was no improper taking. She had nothing which would give her any competitive advantage, there was no confiden-

*In accord is *Colgate-Palmolive Company* v. *Carter Products, Inc.*, 230 F. 2d 855 (4th Cir. 1956), cert. denied, 352 U. S. 843; 77 S. Ct. 43; 1 L. Ed. 2d 59 (1956), where Judge Parker said (p. 865):

> "While Fine learned of this at Snell's and communicated his knowledge to Colgate, the process was one which was **well known** and cannot be treated as a **trade secret** or a **confidential disclosure.**" (Emphasis added.)

tial relationship between Petitioner and Respondent and there was no use in the Sunbeam Party Grill of anything disclosed by Petitioner.

Manifestly, therefore, the decision below is correct and there is nothing involved in the proceedings which warrants this Court's use of its power to supervise the lower Federal Courts.

CONCLUSION.

For the foregoing reasons it is respectfully submitted that this Petition for Writ of Certiorari be denied.

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600 Fourth National Bank Building,
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Counsel for Respondent.

APPENDIX A.

Plaintiff's Exhibit 8 (R. 399.)

ROBERT LAIRD
Consultant
50 East 42nd Street
New York 17, N. Y.
September 19, 1958

Mr. John H. Widdowson
1008 Bitting Bldg.
416 S. Market St.
Wichita, Kans.

Dear Mr. Widdowson:

I have just returned from a trip to Kansas City and while I there I telephoned the number for Mrs. Kathleen K. Wilkin in Wichita with regard to a letter which I had written to her on Sept. 9th which read as follows:

> "From time to time I am interested in new inventions where they have some possibility, and through a client of mine I learned about an invention which you have in the form of a sandwich grilling machine. I do not know exactly how it works and would be interested in obtaining a photograph of it or some descriptive matter on this cooker if possible.
>
> I would also like to know whether it is being marketed at the present time and whether anyone has been given any right to use it in the form of a license. I would also like to know whether you have a patent application pending or issued, and if I am interested in buying it I would like to know what claims have been allowed by the Patent Office."

I was not able to talk to Mrs. Wilkins but did talk with Mr. Wilkins who identified himself as her husband, and he suggested that I correspond with you that you would have

any information which might be of interest on this cooker, it might be possible to do something, and I would therefore appreciate your sending me some details such as I requested of your client.

Yours very truly,

ROBERT LAIRD.

Plaintiff's Exhibit 9 (R. 400.)

September 23, 1958

Mr. Robert Laird, Consultant
50 East 42nd Street
New York 17, New York

Dear Mr. Laird:

This is in reply to your letter of September 19, 1958.

Mr. Wilkin told me that I might expect to hear from you.

When he has authorized me to do so, I will be happy to send you the desired information.

I believe that he is waiting for references, and an indication from you of what your plans are and what you can offer in regard to their sandwich and hot pie cooker.

Very truly yours,

JOHN H. WIDDOWSON.

JHW:se
cc: Mr. & Mrs. Wilkin

Plaintiff's Exhibit 10 (R. 400-401.)

ROBERT LAIRD
Consultant
50 East 42nd Street
New York 17, N. Y.

September 29, 1958

Mr. John H. Widdowson
1008 Bitting Building
Wichita 2, Kans.

Dear Mr. Widdowson:

I spoke to you over the telephone from Kansas City last Friday regarding the letter which I had written to Mrs. Kathleen K. Wilkin on Sept. 9th, and which I quoted to you in my letter of September 19th which you acknowledged.

As I told you, I had heard about this device, and it appeared from what I heard that it might have some possibilities and that I might even be interested in buying the patent application, but as a patent attorney I am sure you will realize that I only heard about it and actually know nothing about the invention and I would therefore like to obtain something describing the device and how it works; also whether it has ever been marketed and any other information available, and since Mrs. Wilkin is fully protected by the patent application which has been filed, I do not see why she or her husband would have anything to worry about.

In any event, if they do not wish to give any information about this to someone who might be a prospective buyer then I would appreciate some word from you to that effect.

Yours very truly,

ROBERT LAIRD.

b

cc: Mr. and Mrs. Wilkin

Plaintiff's Exhibit 11 (R. 401-402.)

October 2, 1958

Mr. Robert Laird, Consultant
50 East 42nd St.
New York 17, New York

Dear Mr. Laird:

Enclosed please find a copy of the Wilkin application for patent, the specification thereof and the two sheets of drawings. They are descriptive of the apparatus.

The method of making a fruit, etc., filled pie, that is, even heating from both sides, can and should be protected by a patent application and patent, if possible. Such a process has not been disclosed in the prior art to date to our knowledge.

Claims have not been allowed in the pending patent application as yet, but commercial success should lead to such without question.

It is not that Mr. and Mrs. Wilkin are worried about making disclosure to you, particularly since they have a pending patent application, but Mr. Wilkin is considering merchandising the article himself. This will be held in abeyance temporarily until you have an opportunity to consider the matter, and decide whether or not you want to make an offer. The Wilkins would sell their rights outright, or for a sum certain plus royalty based on the amount of merchandising, and of course, with a guaranteed minimum annual royalty.

Please consider at your early convenience, and let me know your decision.

Very truly yours,

JOHN H. WIDDOWSON.

JHW:so
Encl.
cc: Mr. & Mrs. Wilkin

Plaintiff's Exhibit 12 (R. 402-403.)

INTERNATIONAL SERVICE CORPORATION
Specializing in Services for Patent and Trade Mark
Attorneys and Patent Departments
11 West 42nd Street
New York City, 36
Telephone Pennsylvania 6-9387

October 7, 1958

Mr. Neil M. Rose
Sunbeam Corporation
5600 Roosevelt Road
Chicago 50, Ill.

Re-Sandwich Grilling Machine

Dear Mr. Rose:

We have now had further word from Mr. Widdowson, the attorney in Wichita, Kansas, for Mrs. Wilkin, and in order that you may know what he has to say, we quote his letter in full:

"Enclosed please find a copy of the Wilkin application for patent, the specifications thereof, and the two sheets of drawings. They are descriptive of the apparatus.

The method of making a fruit filled pie, that is, even heating from both sides, can and should be protected by patent application and patent if possible. Such a process has not been disclosed in the prior art to our knowledge.

Claims have not been allowed in the pending patent application as yet, but commercial success should lead to such without question.

It is not that Mr. and Mrs. Wilkin are worried about making disclosure to you, particularly since they have a pending patent application, but Mr. Wilkin is considering merchandising the article himself. This will be held in abeyance temporarily until you have an opportunity to consider the matter and decide whether or not you wish to

make an offer. The Wilkins would sell their rights outright or for a sum certain plus royalty based on the amount of merchandising, and of course with a guaranteed minimum annual royalty.

Please consider this and let me know at an early date."

The copy of the application, and the specifications and drawing are enclosed herewith for your guidance, and we have also again asked Mr. Widdowson to let us know whether the Wilkins have a working model of this article and if so where it can be seen. In the meantime, we would like to have your comments on this matter.

Yours very truly,

INTERNATIONAL SERVICE CORPORATION,
U. O. CUMMING,

President.

MA/1
encl.

Plaintiff's Exhibit 13 (R. 403.)

ROBERT LAIRD
Consultant
50 East 42nd Street
New York 17, N. Y.

October 7, 1958

Mr. John H. Widdowson
1008 Bitting Bldg.
Wichita 2, Kansas

Re-Wilkin application

Dear Mr. Widdowson:

Thank you very much for your letter of October 2d enclosing the copy of the Wilkin application for patent, the specifications and drawing thereof.

However, I would still like to know whether Mrs. Wilkin has a working model of this device and if so where can it be seen.

Yours very truly,

ROBERT LAIRD.

b

Plaintiff's Exhibit 14 (R. 404.)

October 13, 1958

Mr. U. O. Cumming, President
International Service Corporation
11 West 42nd Street
New York City 36, N. Y.

Dear Mr. Cumming:

Thank you for your letter of October 7 regarding the information you have obtained from Mr. Widdowson, the attorney for Mrs. Wilkin.

Our state of the art and validity studies on the type of appliance described in Mrs. Wilkin's patent application has led us to the conclusion that neither Mrs. Wilkin nor anyone else will obtain any significant patent protection on this type of appliance. In view of this conclusion, we feel that further dealings with Mrs. Wilkin or her attorney would be rather pointless.

We are, therefore, returning the copy of Mrs. Wilkin's patent specification. Please terminate your investigation by returning this material to Mr. Widdowson and inform him that we have no further interest in this development. Since we have observed a demonstration of the device more than a year ago, we have no interest in locating a model of the device.

In that this matter may now be considered closed, you may bill us for your services rendered.

Yours very truly,

SUNBEAM CORPORATION,
NEIL M. ROSE.

NMR:rh

Plaintiff's Exhibit 15 (R. 404-405.)

ROBERT LAIRD
Consultant
50 East 42nd Street
New York 17, N. Y.

October 15, 1958

Mr. John H. Widdowson
1008 Bitting Bldg.
Wichita 2, Kans.

Dear Mr. Widdowson;

Referring again to your letter of October 2d, I return to you herewith the copy of the Wilkin application for patent and specifications thereof and two sheets of drawings which you sent me with your letter.

I am sorry to inform you that the individual who was interested with me in this matter has no further interest in this development and therefore we can consider the matter closed for the present.

If however, any further interest should arise in this device in the future, I will be glad to get in touch with you again.

Yours very truly,

ROBERT LAIRD

b
encl

Plaintiff's Exhibit 17 (R. 405.)

October 20, 1958

Re: Wilkin Patent Application

Mr. Robert Laird, Consultant
50 East 42nd St.
New York 17, New York

Dear Mr. Laird:

In reply to your letter of October 7, 1958, the Wilkins have a working model of the device here in Wichita where it can be seen.

Please contact the Wilkins.

Very truly yours,

Original signed by John H. Widdowson
JOHN H. WIDDOWSON

JHW:se
cc The Wilkins

APPENDIX B.

Defendant's Exhibit W (R. 444.)

KINGSLAND, ROGERS & EZELL
Counsellors at Law
Guild Building, Clayton
7912 Bonhomme Avenue
Saint Louis 5, Missouri

April 8, 1958

Mr. Sandy Wilkin
709 Drury Lane
Wichita 18, Kansas

Dear Mr. Wilkin:

Re: Your Cooking Unit,
Docket 6970

Mr. Mozley, of Star Manufacturing Company, has consulted with us in respect to the patentable aspects of your cooking unit. We have inspected the model and the application papers left with him.

In order to draw some conclusion as to patent possibilities, we need for review the results of your preliminary search, a copy of the claims being prosecuted, and a copy of the Patent Office action, if any, together with copies of the patents cited therein. All of the material will be returned. We suggest that this request be turned over to your patent attorney, hence, an extra copy of this letter is enclosed. We should also like to have Mr. Widdowson tell us what is considered novel.

By way of background, how did Mrs. Wilkin conceive the instant unit? We are familiar with waffle irons and sandwich grills having top and bottom heating plates, and with baked half or whole "moon" closed pies. From Mr.

Mozley's description, your unit makes a delicious closed pie from ordinary white bread slices and filler. What cooking technique accomplishes this? Is there some relation between sealing the pie or sandwich during cooking and applying heat from top and bottom through rather than to the surfaces?

We are searching for something patentwise beyond the physical details of the unit, for from the nature of the device, it is important to obtain all patent protection possible. Expensive promotion will be required, as Mr. Mozley explained to you, hence, patent protection should be available against copying, particularly since the commercial field is limited.

It is hoped that you and Star Manufacturing Company can find a basis for a mutually profitable undertaking. Your prompt furnishing of the requested information and material will contribute to this end.

Cordially yours,

ESTILL E. EZELL

EEE:m
Extra cc
cc: Star Mfg. Co.

Defendant's Exhibit Y (R. 445-447.)

April 17, 1958

Re: Baking and/or Grilling Means
Kathleen K. Wilkin
Your Docket 6970 for Star Mfg. Co.

Registered, Return Receipt Requested
Estill E. Ezell, Esq.
7912 Bonhomme Avenue
St. Louis 5, Missouri

Dear Mr. Ezell:

Mr. Sandy Wilkin of 709 Drury Lane, Wichita 18, Kansas, has turned your letter to him of April 8, 1958 over to me for answering.

Enclosed please find the following:

1. A copy of the claims as originally filed in the application above identified.

2. A copy of the first Office action in the application, Paper No. 3.

3. A copy of an Amendment in answer thereto, dated September 18, 1957.

4. A copy of a Letter to the Chief Draftsman, dated September 18, 1957.

5. A copy of a second Office action in the application, Paper No. 6.

6. Soft copies of the following patents:

1,900,619
1,915,962
2,376,585
2,463,439
2,587,314
1,757,334
1,493,925
1,534,430
1,969,361

The enclosures should make you a complete file on the patent application, amendments therein, and Office actions taken therein.

Novelty is believed to be present in the specific structure of the device shown in the drawings, providing for baking or cooking a fruit or meat filled pie-type food product with heat applied evenly from both the top and the bottom, and upon review it is believed that perhaps broader patent protection can be obtained than is currently being sought.

Mrs. Wilkin was familiar with and had used the device of the Streitelmeier Patent No. 2,463,439 (enclosed). It is inconvenient, and has two major disadvantages. The Streitelmeier device is very slow in use, particularly if two or more persons are to be fed, and the heating for baking or cooking is very uneven and hard to control, since it is heated in use only on one side over a flame or on a burner. Mrs. Wilkins wanted speed, convenience, and reliability. The unit built and used in accordance with the application, and after filing of the application, the model with which you are familiar, has been found to make a superior sandwich and especially a superior fruit, etc., filled pie, both as to consistency of the cooked or heated filling and even browning of the crust on both sides.

We have been aware of the possibilities of obtaining a method patent, such being considered good in view of the far superior pie product produced. However, Mr. and Mrs. Wilkin have not been in a financial position to proceed with this phase of protection by proper procedures. None of the prior art of record refers to or suggests baking a sealed fruit, etc., filled pie with heat applied from both top and bottom.

I have examined the Streitelmeier patent for possibility of infringement, and it is my opinion that all of the claims therein are materially limited structurally so that manufacture and sale of the Wilkin device would not infringe the patent.

Personally, it is my opinion that the Wilkin device would have great success commercially, that is, to provide a hot pie for carry-out sandwich shops which can be carried home and eaten while remaining hot. Star Manufacturing

Company and the Wilkins should be able to arrive at a mutually profitable arrangement. The Wilkins will be very reasonable, I am sure, realizing that a lot of development and promotion will be necessary, and they will be willing to have Star Manufacturing Company and you take over the procedures for protecting the inventions as should be done, for such will be to the benefit of all parties concerned.

When you have finished with the enclosed material, please return it to me, and we would appreciate your early consideration and reply.

Very truly yours,

John H. Widdowson.

JHW:se
Encls.
cc Mr. and Mrs. Sandy Wilkin

Defendant's Exhibit Z (R. 447.)

(Letterhead of Kingsland, Rogers & Ezell, Saint Louis 5, Missouri.)

April 30, 1958

Mr. John H. Widdowson
1008 Bitting Building
Wichita 2, Kansas

Dear Mr. Widdowson:

Re: Application of Mrs. Wilkin,
Our Docket 6970

Thank you for your letter of April 17 and enclosures concerning the above matter.

As requested, the material will be returned to you shortly.

Very truly yours,

EEE:m

Estill E. Ezell.

Defendant's Exhibit AA (R. 448.)

STAR MANUFACTURING COMPANY
Division of Hercules Galion Products, Incorporated
6300 St. Louis Avenue
St. Louis 20, Mo.

12 May 1958

Mr. S. M. Wilkin, Jr.
2715 East Kellogg Street
Wichita 16, Kansas

Dear Sandy—

We have received the opinion of our patent attorney and since it is his belief that your "flying saucer" is not patentable, we are returning it to you.

It does a wonderful job of cooking but without a patent, the cost of promotion would be too great.

Many thanks for considering us and I am just sorry that nothing could be worked out.

Sincerely,

STAR MANUFACTURING COMPANY
William Moran,
Sales Manager.

WM:lb

Defendant's Exhibit BB (R. 448-449.)

(Letterhead of Kingsland, Rogers, & Ezell, Saint Louis 5, Missouri.)

May 21, 1958

Mr. John H. Widdowson
1008 Bitting Building
Wichita 2, Kansas

Dear Mr. Widdowson:

Re: Baking and/or Grilling Means
of Kathleen E. Wilkin

Mr. Mozley, General Manager of Star Manufacturing Company, has requested us to return to you the material furnished for our consideration, including the following:

1. A copy of the specification and claims originally filed;
2. A copy of the drawings (2 sheets);
3. A copy of the first Office action, dated April 9, 1957;
4. A copy of a Letter to the Chief Draftsman, dated September 18, 1957;
4. A copy of a Letter to the Chief Draftsman, dated September 18, 1957;
5. A copy of a second Office action, dated March 19, 1958;
6. Soft copies of the following patents:

1,493,925	1,915,962
1,534,430	1,969,361
1,751,334 [1,757,334]	2,376,585
	2,463,439
1,900,619	2,587,314

Mr. Mozley has concluded, after careful investigation, that his company is not interested in marketing Mrs. Wilkin's device.

Your cooperation in furnishing us with the enclosed material is very much appreciated.

Cordially yours,

EEE:m
Encls.
cc: Star Mfg. Co.

ESTILL E. EZELL.

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OCT 21 1967
JOHN F. DAVIS, CLERK

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1967

No. 606

KATHLEEN K. WILKIN,
Petitioner,

vs.

SUNBEAM CORPORATION,
Respondent.

REPLY BRIEF OF PETITIONER

EVERETT C. FETTIS
ROBERT C. ALLAN
One Twenty Building
Wichita, Kansas, 67202

and

JOHN H. WIDDOWSON
306 Bitting Building
Wichita, Kansas, 67202

and

DALE M. STUCKY*
1600 Wichita Plaza Building
P. O. Box 997
Wichita, Kansas, 67202
Attorneys for Petitioner

*Counsel upon whom service is to be made.

E. L. MIDDENHALL, INC., 926 Cherry Street, Kansas City, Mo. 64106, HArrison 1-8080

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1967

No. 606

KATHLEEN K. WILKIN,
Petitioner,

vs.

SUNBEAM CORPORATION,
Respondent.

REPLY BRIEF OF PETITIONER

ARGUMENT

This brief reply is made to aid the court in consideration of the petition.

I. Respondent's "QUESTION PRESENTED", Pages 2 and 3.

It is asserted, ". . . Respondent developed and marketed through its own people, who never saw or heard of the Wilkin device or patent application, a somewhat similar device (Sunbeam Party Grill), . . .".

Mr. Rose, the full time patent attorney employee of Respondent, skilled in the art, was always one of Respondent's "own people" developing and marketing the Sunbeam Party Grill, just like the other people of Re-

spondent involved. His function for Respondent of product clearance from the standpoint of infringing anyone else's patents was as necessary as any function performed by other "people" of Respondent. He was charged by Respondent with the duty to, and received the submission from the Petitioner in 1957. When in the Summer of 1958 Respondent concerned itself with developing the Sunbeam Party Grill, Mr. Rose recalled from whom Respondent first received a "somewhat similar device", namely the Wilkin device. Mr. Rose cannot be divorced from the proceedings. Respondent Sunbeam is responsible for his actions. (R. 218-222) (R. 259-260)

II. Respondent's Heading "II",

Pages 13-17.

On page 15 it is asserted, "Respondent spent from December, 1958, until August, 1961, in developing its Party Grill."

Petitioner's exhibit 39 (R. 414) is internal correspondence of the Respondent Sunbeam. It is dated September 25, 1958. Written thereon is "EX 1617". This is the experimental number assigned by Respondent to the Sunbeam Party Grill. Petitioner and Respondent stipulated that Respondent wrote "EX 1617" on exhibit 39 after December, 1958. (R. 98) When it was written thereon is immaterial. It is important that the development carried on in the Summer of 1958 concerned the Sunbeam Party Grill, and it commenced prior to the surreptitious activity of Respondent through Messrs. Rose and Cumming in September and October, 1958. (R. 399-405) The testimony of Respondent's vice president Mr. Mendler relative exhibit 39 carries the commencement time back to August, 1958. (R. 213) The following is quoted from the "BRIEF

OF APPELLEE" (Respondent) to the Court of Appeals, page 21:

> ". . . A colored sketch (Physical Exhibit RRR) was made by Mr. Ernest, which sketch, although made in the fall of 1958 and before any of Sunbeam's extensive research and development work on its Sunbeam Party Grill, looked remarkably like the final design of the Sunbeam Party Grill (Physical Exhibit FFFF) as marketed in 1961. . . ."

The Respondent had the Sunbeam Party Grill, which it characterizes as "a somewhat similar device" to the Wilkin device in the Fall of 1958 at the same time that Respondent was carrying on through Messrs. Rose and Cumming the surreptitious activity against the Petitioner. Actually, Respondent had the Sunbeam Party Grill designed by November, 1958, since "Exhibit RRR" was finished on "12-5-58". (R. 330) It is no wonder that Mr. Rose was concerned about patent clearance in regard to the Petitioner's pending patent application.

Respectfully submitted,

EVERETT C. FETTIS
ROBERT C. ALLAN
One Twenty Building
Wichita, Kansas, 67202

and

JOHN H. WIDDOWSON
306 Bitting Building
Wichita, Kansas, 67202

and

DALE M. STUCKY
1600 Wichita Plaza Building
P. O. Box 997
Wichita, Kansas, 67202
Attorneys for Petitioner